

EMPLOYEES STOCK OPTIONS PLAN 2020

FOR

BRAND CONCEPTS LIMITED

RO- Lotus Star, Plot No. D-5, Road No. 20,
Marol MIDC, Andheri East,
Mumbai – 400093 (MH)



EMPLOYEES STOCK OPTIONS PLAN, 2020

1. This Employees Stock Options Plan, 2020 ("**Scheme**") has been formulated in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the provisions of section 62 and all other applicable provisions of the Companies Act, 2013 ("**Act**") read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, as amended, from time to time (including any statutory modification(s) or re-enactment(s) thereof) ("**Rules**"), the memorandum of association and articles of association of Brand Concepts Limited ("**Company**") and approved by the Board of the Company at its meeting held on 05th September 2020, and pursuant to the shareholders' resolution passed at their meeting held on 29th September 2020, to approve this Scheme.

The Plans were originally approved vide shareholder' resolutions on 29th September 2020 in due compliance of the provisions of the then applicable laws and rules framed thereunder. However, thereafter, there have been significant regulatory changes namely introduction of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and in order to synchronize the Plan with these regulations, the Shareholders of the Company approved the plan by special resolution passed through postal ballot on 07th May 2022.

2. **Purpose**

The main purpose of this Scheme is to bring in ownership culture (to share the pride of owning the Company by existing shareholders with employees), reward performance (to enable employees to gain from the program based on future performance of the organization), wealth creation (to provide employees a chance to create significant wealth through shared value creation), promoting talent (to attract and retain best talent in the industry to drive the Company's growth) and align to common interest (to align the interests and rewards of employees, the Company and shareholders).

3. **Definitions**

The following terms as used herein shall have the meaning specified:

- 3.1. "**Applicable Laws**" means every law relating to Options, to the extent applicable, including and without limitation to the Companies Act read with the Companies (Share Capital and Debenture Rules), 2014, as amended, regulations of the Securities and Exchange Board of India, particularly in connection with or after Listing, including the SEBI (SBEB & SE) Regulations, 2021 and all applicable statutes, laws, ordinances, rules and regulations, including but not limited to, any license, permit, approval or other governmental Authorization, orders, decisions, injunctions, judgments, awards of any Authority, in each case as in effect, from time to time.
- 3.2. "**Acceptance**" shall mean the acceptance by the Grantee in the mode specified at the time of Grant of the Option to the Grantee.



- 3.3. **“Authority”** shall mean any national, supranational, regional or local government or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity.
- 3.4. **“Authorization”** shall mean any consent, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors' and shareholders' approvals or consents.
- 3.5. **“Beneficiary or Nominee”** means the person, persons, trust or trusts designated by a Participant, or in the absence of any designation by the Participant, a person or persons who are entitled by the will of the Participant to receive the benefits specified in the Plan, the legal heirs of the Participant, if the Participant dies intestate, and includes the Participant'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 nomination form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof.
- 3.6. **“Board”** shall mean the board of directors of the Company.
- 3.7. **“Company”** shall mean Brand Concepts Limited, incorporated and registered under the Companies Act.
- 3.8. **“Competitor”** means and includes (i) any business group or company or entity engaged directly or indirectly in a business, which as on the date of the sale by any shareholder, competes with the business of the Company and/ or its subsidiaries, or any (ii) strategic investor (iii) any financial investor who holds or post the proposed transaction shall be directly or indirectly, holding 26% (twenty six percent) or more of the share capital of the Company.
- 3.9. **“Control”** shall have the meaning ascribed to under Section 2(27) of the Act.
- 3.10. **“Corporate Action”** shall have meaning as understood under the Applicable Laws.
- 3.11. **“Date of Exercise”** shall mean the date of delivery of the Exercise Application by the Eligible Employee to the Company.
- 3.12. **“Date of Grant”** shall mean the date on which the Nomination and Remuneration Committee approves the Grant of Options and as mentioned in the Annexure – I to this Scheme detailing the terms of Grant.
- 3.13. **“Eligible Employee”** shall mean an Employee who is, for the time being, considered by the Nomination and Remuneration Committee for Grant of Options, on the basis of criteria prescribed under this Scheme and as may be formulated by the Nomination and Remuneration Committee, from time to time in consultation with the Management and is otherwise eligible for all the benefits under this Scheme.



3.14. **“Employee”** shall mean:

- (i) an employee as designated by the company, who is exclusively working in India or outside India; or
- (ii) a director of the company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or
- (iii) an employee, as defined in sub- clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company but does not include-
 - a. an employee, who is a promoter or a person belonging to the promoter group; or
 - b. 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

3.15. **“Executive Committee”** shall mean a committee of senior employees of the Company duly constituted by the Board.

3.16. **“Exercise”** shall mean the making of an application by an Eligible Employee to the Company for issue and allotment of Shares against the Option(s) Vested in him/her pursuant to this Scheme.

3.17. **“Exercise Price”** shall mean the price per Option payable by the Eligible Employee for Exercising the Options Granted to him/her under this Scheme.

3.18. **“Exercise Consideration”** shall mean the amount equivalent to the number of Options Exercised by the Eligible Employee multiplied by the Exercise Price.

3.19. **“Exercise Period”** shall mean the period within which the Options Vested in any Eligible Employee have to be Exercised.

3.20. **“Exercise Application”** shall mean the prescribed application form in which the Eligible Employee is required to apply to the Company along with a cheque/demand draft in respect of the Exercise Consideration, and other expenses including tax on perquisite value of the Options Exercised or any other charges or levies as may be required; and such other documents as may be prescribed pursuant to the provisions of this Scheme, for exercising the Options Vested in him/her.

3.21. **“Grant”** shall mean the process whereby the Nomination and Remuneration Committee passes a resolution resolving to grant Options to Eligible Employees subject to fulfilment of the criteria determined and conditions stipulated by the Nomination and Remuneration Committee. The Grant shall be deemed to have been made on such date as may be specified in that behalf in the said resolution.



- 3.22. “**ICAI**” shall mean the Institute of Chartered accountants of India.
- 3.23. “**Letter of Grant**” shall mean the letter issued by the Company intimating the Eligible Employee of the Options Granted to him/ her by the Nomination and Remuneration Committee and setting out criteria or conditions, if any for acquiring a specified number of Shares at the Exercise Price.
- 3.24. “**Letter of Vesting**” shall mean the letter issued by the Company to an Eligible Employee intimating the Vesting of the Options Granted to him/ her pursuant to him/ her complying with the conditions prescribed hereunder prior to such Vesting.
- 3.25. “**Management**” shall mean and consist of the members of the Executive Committee, the Nomination and Remuneration Committee of the Company.
- 3.26. “**Nomination and Remuneration Committee**” shall mean a committee of the directors duly constituted by the Board and entrusted *inter alia* with the authority to formulate and implement this Scheme in terms of the Act, Rules and the resolution passed by the shareholders in this regard which is regarded as Compensation Committee for the purpose of ESOP regulations.
- 3.27. “**Option(s)**” shall mean a right (but not an obligation) Granted to an Eligible Employee to apply for and subscribe to specified number of Shares at a future date and at a pre-determined price (being the Exercise Price). Each Option Granted would represent the right to apply for one Share (or such other number of Shares, adjusted for any bonus, stock splits, consolidation or other reorganisation of capital structure of the Company and/ or any restructuring of the Company, in any manner whatsoever, from time to time).
- 3.28. “**Option Grantee**” shall mean an Eligible Employee having a right but not an obligation to Exercise the Option(s) Granted to him/ her pursuant to and in accordance with this Scheme.
- 3.29. “**Promoter and 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;
- 3.30. “**Promoter Shares**” shall mean the Share held/ controlled by the Promoters in the Company, from time to time.
- 3.31. “**Relevant Date**” means:
- (a) In the case of a grant, the effective date of the grant; or
 - (b) In the case of an exercise, the date on which the request/ notice of exercise is given to the Company by the employee.
- 3.32. “**Restructuring**” shall have the meaning ascribed to it in Clause 4.1(bb) of this Scheme.
- 3.33. “**Scheme**” shall mean this Scheme formulated by the Company.



- 3.34. **"Shares"** shall mean the equity shares of the Company of the nominal face value of Rs. 10/- (Rupees ten only) each or such other modified value due to any bonus, stock splits, consolidation or other reorganisation of capital structure of the Company or as may be approved by the shareholders of the Company.
- 3.35. **"Vesting"** shall mean the process by which the Eligible Employee is given the right to apply and subscribe for Shares against the Option(s) Granted to him/her pursuant to Scheme.

Any term not defined hereinabove but defined under the Act and/ or the Rules, as amended from time to time, shall have the meaning assigned to them under the said Act or the Rules, In Companies Act 2013 or Rules or in the Income-tax Act, 1961 or in the Foreign Exchange Management Act, 1999 or in the Securities Contracts (Regulation) Act, 1956 or rules, regulations or guidelines issued thereunder and as amended or re-enacted, from time to time. Some of the terms defined hereinabove have the same meaning as assigned to them under the Act and/ or Rules and any change or amendment to the definitions or terms under the Act and/ or Rules would result in a consequential change to the concerned term as defined above.

4. **Authority and powers of the Nomination and Remuneration Committee**

- 4.1. Notwithstanding anything stated herein, the Nomination and Remuneration Committee has been authorised to determine all the terms governing this Scheme, including any variation or modification thereof after consulting with the Board of the Company, provided such alteration and modification is not prejudicial to the interests of the Eligible Employees, but not limited to the following:
- (a) identification of the Eligible Employees amongst the different categories of Employees to whom the Options are to be Granted,
 - (b) criteria and eligibility for determination of the Eligible Employee,
 - (c) the time when the Options would be Granted,
 - (d) the number of tranches in which the Options would be Granted and the number of Options to be Granted in each tranche,
 - (e) the quantum of Options to be Granted at various points of time,
 - (f) the price of the Options to be Granted/ Exercised at various points of time,
 - (g) the method for valuing the Options,
 - (h) the criteria for determining the number of Options to be Granted to the Eligible Employees,
 - (i) the period and date/s in relation to which the criteria are to be determined and fulfilment of conditions to be verified,



- (j) the number of Options to be Granted to each Eligible Employee and in aggregate,
- (k) the terms and conditions subject to which the Options Granted would Vest in the Eligible Employee,
- (l) the date of Vesting of the Options Granted,
- (m) the terms and conditions subject to which the Options Vesting would be Exercisable by the Eligible Employee,
- (n) the period within which the Options have to be Exercised by the Eligible Employee including any modification in period,
- (o) the number of Options to be apportioned/ allocated for various grades of Eligible Employees,
- (p) assignment of weightage to length of service, grade, performance, merit, conduct, future potential contribution of the Eligible Employee,
- (q) the conditions under which Options Vesting in the Eligible Employees may lapse in case of termination of employment for misconduct or abandonment of service or below satisfactory performance (outcome of annual appraisal),
- (r) the conditions and the criteria for the Options to continue to Vest in the holders of such Options which maybe specified in the letter of grant of Options,
- (s) the conditions and the criteria for the Options to continue to Vest in the holders of such Options under certain circumstances subsequent to any Restructuring (defined hereunder), in relation to the Company,
- (t) the specified time period within which the Eligible Employee shall Exercise the Vested Options in the event of termination or resignation of such Eligible Employee,
- (u) the right of an Eligible Employee to Exercise all the Options Vesting in him at one time or at various points of time within the Exercise Period,
- (v) the Grant, Vesting and Exercise of Option(s) in case of Eligible Employees who are on long leave,
- (w) the procedure for cashless Exercise of Options, if any,
- (x) conditions under which Options Vested in Eligible Employees may lapse,
- (y) repricing the Options Granted under this Scheme which are not Exercised (whether or not they have been Vested),
- (z) the accounting and disclosure policies,



- (aa) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in the event of the Company issuing any Shares or other benefits (other than the dividends declared and/or paid) to the existing shareholders at any time after the date of the Grant of Options to the Eligible Employees or in case of other corporate actions such as rights issues, bonus issues, share split (hereinafter collectively referred to as '**Corporate Action**'),
- (bb) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in the event of any change in the constitution of the Company or any re-structuring of the Company including but not limited to merger, de-merger, amalgamation, reverse merger, or subsidiarisation (hereinafter collectively referred to as '**Restructuring**').
- 4.2. The terms prescribed by the Nomination and Remuneration Committee shall be final and binding on all the Eligible Employees.
- 4.3. Notwithstanding the above, the Nomination and Remuneration Committee shall have the sole and absolute discretion to determine whether Options would be Granted to an Eligible Employee and may decide not to Grant any Options for any reason, including in the event, the Nomination and Remuneration Committee is of the view that the Eligible Employee—
- (i) has not performed as per the expectations set by the Management, from time to time, or
 - (ii) has not been regularly attending office for a substantial period of time, without any valid reason or authority, or
 - (iii) is perceived to be guilty of gross misconduct, or
 - (iv) has violated the terms of employment or provisions of the code of conduct, or policies or procedures or other codes formulated and adopted by the Company from time to time, or
 - (v) on account of any other circumstances which are likely to impact or have adversely impacted the reputation of the Company from a regulatory or governance perspective or otherwise.
- 4.4. The number of members and the composition of the Nomination and Remuneration Committee and their powers and functions shall be specified, varied, altered or modified from time to time by the Board, in accordance with memorandum of association and articles of association of the Company and the Act, if the relevant provisions of the Act become applicable.
- 4.5. The Nomination and Remuneration Committee, from time to time, may delegate some of its powers and functions to the Management for the purpose of administration, operation and implementation of this Scheme.



4.6. No member of the Nomination and Remuneration Committee shall be personally liable for any decision or action taken by him individually or jointly in good faith with respect to any matter arising out of or relating to this Scheme.

5. Total number of Options (Total available options)

5.1. The total number of Options that would be Granted, pursuant to this Scheme, shall be **529140** (Five Lacs Twenty Nine Thousand One Hundred and Forty) shares of the face value of Rs. 10/- each fully paid-up which is 5% (Five percent) of the issued and paid-up capital of the Company of the total existing paid up capital of the Company (as may be adjusted for any rights issue, bonus issuance, stock splits or consolidation or other re-organisation of the capital structure of the Company) as may be applicable, from time to time.

5.2. In case of lapsed Options, if any under this Scheme, the same would be Granted afresh by the Nomination and Remuneration Committee to Eligible Employees, either under this Scheme or otherwise, subject to the provisions of Applicable Laws, as amended from time to time, as it may in its sole and absolute discretion deem appropriate.

6. Options allocated for various grades/groups of grades of Employees and for individual allotment.

6.1. The Nomination and Remuneration Committee would have the full and final authority to allocate and grant, in its sole and absolute discretion, certain number of Options out of the total available Options to certain grades/ group of grades of Employees and/ or certain individual Eligible Employees of the Company.

7. Grant of Option and basis of determining the number of Options to be Granted

7.1. The actual number of Options to be Granted to each Eligible Employee would be in accordance with the criteria (including but not limited to performance, merit, grade, conduct and length of service, future potential contribution of the Employee) as may be determined by the Nomination and Remuneration Committee in its sole and absolute discretion. Provided also that any Grant of Options to the Eligible Employees of subsidiary or holding company of the Company or Grant of Options to an identified Eligible Employee(s) equal to or in excess of 1% (one percent) of the issued share capital of the Company during one year shall be made only after obtaining shareholders' approval by way of separate resolution.

8. Settlement of Options

8.1. Notwithstanding anything contained in this Scheme, the Nomination and Remuneration Committee, in its sole and absolute discretion, shall have the right, without any obligation, to settle the Options Vested (on Exercise of such Options) in the Eligible Employee in cash in lieu of allotment of Shares underlying such Vested Options. Further, the Nomination and Remuneration Committee may at its discretion determine settlement of the Options in cash or in equity or a combination of cash and equity, differently for different Eligible Employees.



9. Acceptance of Grant by Eligible Employee

- 9.1. The Eligible Employee, may, formally accept the Grant of Options made to him/her, pursuant to this Scheme by submitting a letter of acceptance.

10. Vesting of the Options Granted

- 10.1. Subject to such terms as the Nomination and Remuneration Committee may decide in its sole and absolute discretion, the terms of Vesting (weightage to length of service, grade, performance, merit, conduct, future potential contribution of the Eligible Employee), details of Vesting of Options and the number of tranches in which the Options shall vest shall be communicated to the Eligible Employee at the time of Grant.
- 10.2. Notwithstanding the above, the Nomination and Remuneration Committee in its sole and absolute discretion shall be entitled to make the Vesting of any or all of the Options Granted to Eligible Employee(s) conditional upon fulfilment of criteria including continued employment/ services or directorship with the Company; performance, merit and conduct of the Eligible Employee; future potential contribution of the Eligible Employee; no misconduct by the Eligible Employee; no abandonment of service or act of moral turpitude by the Eligible Employee or any other act on the part of the Eligible Employee which has resulted in loss of confidence by the Company; no engagement in any capacity with any company or entity which is in similar line of business as that of the Company or a Competitor of the Company during his/ her employment/ services or directorship with the Company or post resignation or termination from the Company as per terms of this Scheme; no suspension from the services of the Company; no show cause notice has been issued or against whom no enquiry is being or has been initiated, for any reason whatsoever, including but not limited to misconduct, violation of policies or codes of the Company (like employees code of conduct, share dealing code etc.) or for having committed or abetted any illegal or unlawful activity or fraudulently or intentionally violated the provisions Applicable Laws to the business of the Company.
- 10.3. Notwithstanding anything contained herein, the Nomination and Remuneration Committee in its sole and absolute discretion shall have the right to suspend, cancel, keep in abeyance, prepone or postpone any or all Vesting of Options under this Scheme either in respect of an individual Eligible Employee or for a group of Eligible Employees or for all Eligible Employees, if one or any of the criterion as set out above is not fulfilled by the Eligible Employee or if required by or under Applicable Laws. Provided however that the period between the Date of Grant and date of Vesting shall not be less than 1 (one) year from the Date of Grant as prescribed under the Act and the Rules, except that such period may be less than 1 (one) year in case of Re-structuring as provided under Clause 15 subject to receipt of requisite approvals from the concerned statutory / judicial / regulatory authorities and shall not in any event exceed the term of this Scheme.

11. Exercise of the Vested Options

- 11.1. Subject to such terms as the Nomination and Remuneration Committee may decide in its sole and absolute discretion, the terms and conditions of Exercise, Exercise



Price, Exercise Period, Exercise window, if any shall be communicated to the Eligible Employee at the time of Grant of Options.

- 11.2. Options not Exercised within the stipulated time, or Options not Vesting due to non-fulfilment of the stipulated conditions, or Options already Vested in the Eligible Employees which have voluntarily been surrendered or otherwise, shall be treated to have lapsed and these Options will be available for Grant by the Nomination and Remuneration Committee to any Eligible Employee as the Nomination and Remuneration Committee may deem fit, in its sole and absolute discretion, under this Scheme or any other subsequent scheme(s).
- 11.3. Each Option would entitle the Eligible Employee, on Exercise, to acquire one Share (or such other number of Shares adjusted for any Corporate Action, stock splits, consolidation or other reorganisation of capital structure of the Company from time to time, as may be determined by the Nomination and Remuneration Committee), pursuant to the provisions of this Scheme.
- 11.4. The Company and/or the Nomination and Remuneration Committee may, in its sole discretion, prescribe an Exercise window during each financial year in the Exercise Period, during which the Eligible Employees may Exercise the Options Granted to them. The Company shall have a minimum of 2 (two) Exercise windows in a financial year to enable the Eligible Employees to Exercise the Vested Options, unless otherwise determined by the Nomination and Remuneration Committee.
- 11.5. The Option holder may, during such Exercise window within the Exercise Period, and subject to fulfilment of conditions of the Grant and Vesting, Exercise the Options by submitting Exercise Application, during the Exercise windows prescribed to the Company to issue and allot to him/ her Shares pursuant to Exercise of the Options Vested in such Eligible Employee, accompanied by payment of an amount equivalent to the Exercise Consideration and the tax on perquisite value of such Exercised Options (if any) or any other charges or levies as may be required, in respect of such Shares and/or such other writing, if any, as the Nomination and Remuneration Committee may specify to confirm extinguishment of the rights comprising in the Options then Exercised. In the event of Exercise of Options resulting in fractional Shares, the Nomination and Remuneration Committee shall be entitled to round off the number of Shares to be issued to the nearest whole number, and Exercise Price shall be correspondingly adjusted.
- 11.6. The Exercise Application shall be in such form as may be prescribed by the Company in this regard and the Nomination and Remuneration Committee may determine the procedure for Exercise of Options under this Scheme, from time to time.
- 11.7. **Accelerated Vesting**
 - (a) The Nomination and Remuneration Committee shall, at its sole and absolute discretion, have the power to accelerate the Vesting of any or all the Options Granted to the Eligible Employees in any circumstances including upon occurrence of a change in Control in the Company, provided there is a minimum gap of 1 (one) year between the Date of Grant and date of Vesting.



- (b) In the event the Vesting of the Options is accelerated by the Nomination and Remuneration Committee, then the Options shall be deemed to have Vested in the Eligible Employees from the date on which such acceleration is approved by the Nomination and Remuneration Committee or such other date thereafter as may be determined by the Nomination and Remuneration Committee.

12. Event of death/permanent incapacity of the Eligible Employee who has been Granted Options

12.1. Notwithstanding anything contained herein, in case of death or permanent incapacity of any Eligible Employee whilst in the service/ employment or directorship of the Company, the Options Granted but not Vested in that Eligible Employee shall Vest (i) in case of death, in the person(s) nominated by such Eligible Employee or if no person is so nominated, in his legal heir(s) or successor(s); and (ii) in case of permanent incapacity, in the Eligible Employee himself, on the date of such permanent incapacitation.

12.2. In case of death of any Eligible Employee whilst in the service/ employment or directorship of the Company, the Vested Options shall be Exercisable by the person(s) nominated by such Eligible Employee and such Exercise shall be effected from the date of his/her death. The mode of nomination would be intimated by the Company. It is advisable that all Option Grantee(s) nominate their spouse / children / parents as their nominee(s) (not exceeding 2 (two) in number) under this Scheme. Pursuant to such nomination, in the event of death of the Option Grantee prior to Vesting or Exercise of the Options under this Scheme, all the rights in respect of such Options, individually or jointly, as the case may be, shall Vest in the nominee(s).

12.3. In case of death of any Eligible Employee who has not nominated any person(s), the Options Granted but not Vested will Vest in and shall be Exercisable by the legal heir(s) / successor(s) of the deceased Eligible Employee within such time and in such manner as may be stipulated in the Letter of Grant/ Letter of Vesting. Provided however that the legal heir(s)/ successor(s) shall be required to produce to the Company all such documents/ indemnities as may be required by the Company to prove the succession of the estate of the deceased Eligible Employee. In case the proof of succession is not produced to the Company within 2 (two) years from the date of death of the Eligible Employee or such further time as the Nomination and Remuneration Committee may permit in its sole and absolute discretion, the Options shall be treated as lapsed and shall be available for Grant by the Nomination and Remuneration Committee to any other Eligible Employee(s) or other Employee(s) as provided under Clause 5.2 of this Scheme.

12.4. Subject to anything contrary provided in the Act or the Rules, the terms and conditions of Exercise provided in this Scheme, shall *mutadis mutandis*, apply to Exercise of Options referred to in this Clause 13, unless the Nomination and Remuneration Committee decides otherwise.

13. Event of termination of service of the Eligible Employee who has been Granted Options



13.1. Due to resignation of the Employee

- (a) Notwithstanding anything contained herein, in case of resignation of the Eligible Employee from the services of the Company, the Options Granted but not Vested shall expire forthwith on the date of submission of the letter of resignation by such Eligible Employee.
- (b) However, the Options Vested but not Exercised by an Eligible Employee who has resigned from the services of the Company could be Exercised by such Employee, provided such Eligible Employee does not engage in any capacity with any company or entity which is in similar line of business as that of the Company or a Competitor of the Company. All Options Vested and eligible for being Exercised shall be Exercised by such resigned Eligible Employee no later than 6 months from the date of resignation of the Eligible Employee from the Company or within such other period, as the Nomination and Remuneration Committee may decide, in its sole and absolute discretion.
- (c) Any decision of the Nomination and Remuneration Committee, in this regard, shall be final and binding on the concerned Eligible Employee.

13.2. Due to dismissal or discharge of the Employee

- (a) In case of termination of the service/ employment of the Eligible Employee due to dismissal without cause, Options Granted but not Vested shall expire forthwith upon the Eligible Employee being dismissed or discharged from the services of the Company. However, the Options Vested but not Exercised by an Eligible Employee who has been terminated from the services of the Company without any cause can be Exercised by such Eligible Employee, provided such Eligible Employee does not engage in any capacity with any company or entity which is in similar line of business as that of the Company or is a Competitor of the Company. Any decision of the Nomination and Remuneration Committee, in this regard, shall be final and binding on the concerned Eligible Employee. All Options Vested and eligible for being Exercised shall be Exercised no later than 6 months from the date of termination of the services of the Eligible Employee from the Company or within such other period, as the Nomination and Remuneration Committee may decide, in its sole and absolute discretion.
- (b) If at any time during the currency of this Scheme, any Eligible Employee is held guilty for: (i) misconduct or violation of any policies or codes of the Company, or (ii) any Eligible Employee has committed any act or omission which in the opinion of the Nomination and Remuneration Committee amounts to an act of moral turpitude, or (iii) any Eligible Employee has committed any act or omission which has resulted into loss of confidence of the Nomination and Remuneration Committee in such Eligible Employee, then the Nomination and Remuneration Committee will have the authority to forfeit the Options Granted but not Vested and Options Vested but not Exercised by such Employee and all such Options shall be deemed to have lapsed and shall be dealt with in terms of this Scheme. The decision of the Nomination and Remuneration Committee shall be final and binding on the



concerned Eligible Employee, for the purpose of this Scheme. It is further clarified for the purpose of this Clause that the right of recommendation and deciding whether an act or omission which has occurred is an act of moral turpitude and/ or has resulted in loss of confidence will be at the sole and absolute discretion of the Nomination and Remuneration Committee and shall be deemed to have been taken in the interest of the Company.

13.3. **Suspended Employees and Employees under enquiry**

The Options Granted but not Vested and the Options Vested but not Exercised in case of an Eligible Employee who has been suspended from the services of the Company or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated, for any reason whatsoever, including but not limited to misconduct, violation of policies or codes of the Company or for having committed or abetted any illegal or unlawful activity or sexual misconduct or harassment or fraudulently or intentionally violated the provisions of laws applicable to the business of the Company may be suspended or kept in abeyance and/ or prevented from being Exercised for such time or to such extent or in such manner at the sole and absolute discretion of the Nomination and Remuneration Committee. In the event the Eligible Employee who has been suspended or who is under enquiry is reinstated in his employment at same designation without any penalty or is discharged of all allegations made against him, then all the Options Granted and not Vested shall Vest in him in accordance with this Scheme and Options Vested and not Exercised may be Exercised in accordance with this Scheme. However, in case such Eligible Employee is terminated from the employment of the Company, then all the Options Granted and not Vested and the Options Vested and not Exercised shall expire immediately upon such termination.

13.4. **Due to retirement of the Employee**

- (a) In case of Eligible Employees who are due for retirement in the normal course, Options Granted to such Eligible Employees will Vest as per the tranches and date of Vesting(s) as specified whilst Granting of the Options.
- (b) For the purpose of this Clause 13.4, retirement in normal course would mean retirement on attaining the age of superannuation as may be specified by the Company or on expiry of any extension of service/ employment granted by the Company in this regard.

14. **Re-structuring of the Company:**

In the event of any Restructuring of the Company, the Nomination and Remuneration Committee shall have the authority to alter all or any of the terms relating to the Grant of Options or this Scheme in general and would also have the authority to do all such acts, deeds, matters and things as it may deem fit, in its sole and absolute discretion and as permitted under Applicable Laws and provided that such modification or variation is not prejudicial to the Option Grantee(s), so as to ensure that the benefits under the Grant are passed on to the Eligible Employees. In this regard the Nomination and Remuneration Committee shall *inter-alia* be entitled to:



- (a) take appropriate actions to ensure that the Exercise Period is as prescribed herein, and that the total value of the Options remains the same after the aforesaid Restructuring;
- (b) if necessary, issue fresh Options/ Shares of the holding/ subsidiary companies of the Company and/or resultant entity/ entities that may emerge due to such Restructuring;
- (c) if pursuant to such Restructuring, in case any Eligible Employee resigns from the Company or his services are terminated and/or is not willing to take employment in such merged/ resultant entity for any reason whatsoever, or is not employed by the merged/ resultant entity, then all Options Granted to such Eligible Employee shall Vest with immediate effect, subject to receipt of requisite approvals from the concerned statutory/ regulatory Authorities or as per the original date of Vesting, as may be decided by the Nomination and Remuneration Committee. In such cases the Exercise and the Exercise Period shall be as specified whilst Granting the Options.
- (d) make such adjustments to the number of Options outstanding as may be necessary to reflect the Restructuring;
- (e) if necessary, substitute the Options Granted with the Options issued or to be issued by the new/ resultant entity pursuant to Restructuring on such terms as reflected in the scheme relating to such Restructuring, duly approved by the court of competent jurisdiction/ competent authority and is not prejudicial to the terms on which the Options were hitherto Granted. Where Options are Granted by the merged/ resultant entity in lieu of Options Granted under Scheme, the period during which the Options Granted under Scheme are held by the Eligible Employee shall be adjusted against the minimum Vesting period in respect of options Granted by the merged/ resultant entity.

15. **Shareholders' approval**

This Scheme has been formulated as per the salient features of the scheme approved the shareholders of the Company at its meeting held on 29th September 2020.

16. **Non-Transferability of Options**

- 16.1. The Options Granted pursuant to this Scheme shall not be transferable by any Eligible Employee. The Eligible Employee shall not, directly or indirectly, sell, transfer, pledge, assign, hypothecate or otherwise transfer or dispose of (hereinafter collectively referred to as 'alienation') all or any unexercised portion of the Options or the rights and benefits attached thereto. The Company shall not recognise any alienation done in violation of this condition. Subject to the provisions of this Scheme, no person other than the Eligible Employee to whom the Options are Granted shall be entitled to Exercise the Options.

17. **Taxes**

- 17.1. In accordance with the provisions of this Scheme and the provisions of the Income-



tax Act, 1961 and other applicable laws, the amount of perquisite tax and other taxes of similar or any nature, charges and levies (by whatever name called), if any payable by the Option holder in respect of Options Granted or Shares issued pursuant to Exercise of Options pursuant to this Scheme, shall be paid by the Option holder to the Company at the time of Exercise of Options. In the event of any new enactment, or amendments or modifications to the provisions of the Income-tax Act, 1961 and/or the rules framed thereunder, as existing on the date of this Scheme, the Nomination and Remuneration Committee shall have the power to amend or modify this Scheme, without requiring the consent of the Eligible Employees or the Shareholders, as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications to the Income-tax Act, 1961 and/or the rules framed thereunder not been made.

- 17.2. The Company shall have the right to deduct/ recover, in connection with all Grants, all taxes, if any, required by law to be deducted at source and to require any payments necessary to enable it to satisfy such obligations.
- 17.3. The Option Grantee and/ or holder of Shares will authorise the Company or its nominee to sell such number of Shares as would be necessary to discharge the obligation in respect of tax deduction at source and appropriate the proceeds thereof on behalf of the Employee.

18. Other conditions

- 18.1. The Company will not be obliged to issue or allot any Shares upon Exercise of the Options or otherwise unless the issuance and delivery of such Shares complies, in the judgement of the Company, with all the relevant provisions of Applicable Law and other regulations.
- 18.2. The following general provisions shall apply to the Options Granted pursuant to this Scheme:
- (a) Neither the Eligible Employee nor any person claiming under or through the Eligible Employee will have any of the rights or privileges of a shareholder of the Company (including the right to receive any dividends or to vote at any meeting of the Company) in respect of any Shares to be issued upon Exercise of the Options unless and until certificates representing such Shares have been issued and delivered or, if the Shares are to be issued and credited in dematerialised form, or unless appropriate entries evidencing such transfer is made in the register of members of the company / statement of beneficial position maintained by the depositories, as the case may be.
- (b) Subject to the limitations in this Scheme, on the transferability by the recipient of the Option, this Scheme and all the terms of Grant of the Options will be binding and shall inure to the benefit of the nominee(s) or legal heir(s)/ successors of the Option Grantees in accordance with the terms of this Scheme.

All Shares of the Company allotted consequent to Exercise of Options shall rank *pari passu* in all respects with the then existing Shares of the Company.



18.3. Each Eligible Employee shall adhere to and comply with the provisions, formulated and adopted by the Company in terms of the provisions of Prevention of Money Laundering Act, 2002 and rules made thereunder, as amended from time to time.

19. Procedure of Granting, Vesting and Exercising

19.1. Granting

The Nomination and Remuneration Committee may issue or would authorise any member of the Management to issue letters to all the Eligible Employees who have been Granted Options, intimating the number of Options Granted and the conditions subject to which the Options are Granted, terms of Vesting, details of Vesting of Options and the number of tranches in which the Options, terms and conditions of Exercise, Exercise Price, Exercise Period, Exercise window, if any, as it may deem appropriate.

19.2. Vesting

In case the Eligible Employee complies with all the pre-Vesting conditions (including performance, merit, conduct, future potential contribution of the Eligible Employee as may be decided by the Nomination and the Remuneration Committee from time to time), any member of the Management would issue a letter to such Eligible Employee intimating Vesting of Options in the Eligible Employee. The process of Vesting is complete only upon receipt of such letter by the Eligible Employee. Along with such intimation, the Eligible Employee would be given a format of Exercise Application to be used by him / her for Exercising the Option(s).

19.3. Exercise

- (a) In case the Eligible Employee wishes to Exercise the Options by paying the Exercise Price, then such Eligible Employee shall have to pay the Exercise Consideration and applicable perquisite tax or other similar taxes or other charges or levies as may be required. In such cases the Eligible Employee should send the Exercise Application and submit the Exercise Application to the Company along with a cheque/ demand draft. Such cheque/ demand draft should be in favour of the Company, drawn on any bank payable in Indore or in the bank account of the Company through electronic payment.
- (b) The Options Vested in the Eligible Employees could be Exercised by them within the Exercise Period in such number of tranche(s) as they may desire, subject to the condition that the minimum number of Options that could be Exercised in one tranche should not be less than '100' Options. A tranche of Options can be Exercised by the Eligible Employee only during the Exercise windows as contemplated in this Scheme.
- (c) The Company shall endeavour to allot Shares in respect of Options Exercised at such interval as it may decide and the tentative dates of allotment will be updated on intranet in advance. Credit of allotted Shares to the depository account would be given within 45 (forty-five) working days from the date of



allotment.

- (d) The procedure for determination of the fair market value for the purpose of computation of the perquisite tax has been detailed in Annexure A to this Scheme in accordance with prevailing Applicable Laws. Please note that the contents of Annexure A are not to be construed as legal or tax advice. The information on taxation contained therein is a summary of certain tax considerations but is not intended to be a complete discussion or advice of all tax considerations. Eligible Employees should consult their own counsel and/or accountant as to the legal and tax advice in this regard.
- (e) In the event that an Eligible Employee has been Granted Options under this Scheme and is transferred or deputed to an associate company (as defined under Act) post the Grant of Options but, prior to Vesting or Exercise of Option(s), the Vesting and Exercise shall occur as per the terms of Grant even if the Eligible Employees continues to be transferred or deputed.

20. Interpretation

Any dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with this Scheme shall be referred to the Nomination and Remuneration Committee and shall be determined by the Nomination and Remuneration Committee and any such determination/ decision/ interpretation by the Nomination and Remuneration Committee shall be final and binding on all persons concerned in the matter.

21. Scheme subject to regulations

- 21.1. This Scheme shall be subject to regulatory provisions as also the rules and policies framed by the Company for its Employees, as may be applicable from time to time.
- 21.2. This Scheme shall, at all times, comply with the provisions of the Applicable Laws. The Grant of Options and its conversion to Shares under this Scheme shall entitle the Company to require the Employee to fully comply with such requirements of all such Applicable Laws as may be necessary. In the event of any variation between the provisions of this Scheme and the Applicable Laws, the provisions of Applicable Laws shall prevail over this Scheme and the provisions of this Scheme shall be deemed to have been amended so as to be read in consonance with the Applicable Laws.

22. Right to modify this Scheme

- 22.1. The Nomination and Remuneration Committee shall in its sole and absolute discretion have the right to modify/ amend this Scheme in such manner and at such time or times as it may deem fit, subject however that any such modification/ amendment shall not be prejudicial to the interest of the Option Grantees/Eligible Employees and approval by way of special resolution, wherever required, for such modification and/or the amendment is obtained from the shareholders of the Company



- 22.2. The Nomination and Remuneration Committee may in its sole and absolute discretion re-price the Options, which are not Exercised, if Options Granted under this Scheme is rendered unattractive due to fall in the price of the Shares in the stock market. Provided that the Nomination and Remuneration Committee shall ensure that such re-pricing shall not be detrimental to the interest of the Option Grantees/Eligible Employees and such re-pricing is in compliance with the Act and Rules. The decision of the Nomination and Remuneration Committee shall be final and binding on all the Eligible Employees benefitting under this Scheme and shall be subject to the approval of the shareholders.
- 22.3. The Board in their report shall disclose any material change in this Scheme, along with all other disclosures and information relating to this Scheme, as required to be disclosed as per the Regulation 15 of the SEBI(SBEB SE) Regulations 2021 including the following:
- (a) Relevant disclosures in terms of the 'Guidance note on accounting for employee share-based payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time.
 - (b) Diluted earnings per share on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

23. **Effective date and duration of this Scheme**

This Scheme shall be deemed to have come into force on 29th September 2020.

This Scheme shall remain in effect until (i) all Options Granted under this Scheme have been Exercised; (ii) all Options Granted under this Scheme have expired by reasons of lapse of time or otherwise and the Nomination and Remuneration Committee does not intend to reissue such lapsed Options whichever is later.

24. **Confidentiality**

Eligible Employees shall keep the details of the Options Granted to them strictly confidential and shall not share/disclose the said details with/to any other Employee. In case of non-adherence to the provisions of this Clause, the Nomination and Remuneration Committee will have the authority to deal with such cases in such manner as it may deem fit, in its sole and absolute discretion.

25. **No Deemed Right of Eligible Employee**

Nothing contained in this Scheme, or the adoption of this Scheme or any action of the Nomination and Remuneration Committee shall be deemed to:

- (a) give an Employee any right to be Granted any Option to acquire Shares or to any other rights except as may be evidenced by a Letter of Grant/ Letter of Vesting.



- (b) confer upon any Employee any right with respect to continuation of employment or engagement with the Company, or
- (c) interfere in any way with the right of the Company to terminate employment or services of any Employee at any time.

26. **The method used by the Company to value its Options – whether fair value or intrinsic value**

The Company shall follow the fair value (based on Black Scholes Model) method for computing the compensation cost for the Options Granted or such other valuation methodology as maybe prescribed under Applicable Laws. The difference between the compensation cost so calculated and the compensation cost that would have been recognised due to fair value method and its impact on the profits and earnings per share shall be disclosed in its Directors' Report.

27. **Risks associated with this Scheme**

Participation in this Scheme shall not be construed as guarantee or assurance of any return on the equity investment in the Shares. Any loss due to the fluctuation in the price of the Shares and the risks attached with the investment are that of the Eligible Employee alone and neither the Company nor the Nomination and Remuneration Committee (or its members) shall be responsible for the same.

28. **No Restriction on Corporate Action**

The existence of this Scheme and the Grants made hereunder shall not in any way affect the right or the power of the Board or the shareholders of the Company to make or authorise any change (both, increase and decrease) in capital structure, authorise any issue of shares new scheme(s), debt or other securities having any priority or preference with respect to the Shares or the rights thereof or from making any corporate action (including declaration of dividend, bonus, stock splits, etc.) which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Scheme or any Grant made under this Scheme. No Employee or other person shall have any claim against the Company as a result of such action.

29. **New Schemes**

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

30. **Scheme severable**



In the event that any term, condition or provision of this Scheme being held to be a violation of or contrary to Applicable Laws, the same shall be severable from the rest of this Scheme and shall be of no force and effect and this Scheme shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Scheme.

31. Arbitration

Any and all disputes arising out of or in connection with this Scheme shall be exclusively and irrevocably referred to for arbitration by a single arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of such Arbitration shall be exclusively at the registered office of the Company at Mumbai, India.

32. Governing Laws

This Scheme shall be construed in accordance with the laws of India, be subject to the exclusive jurisdiction of Courts in Indore, India.



ANNEXURE A

**Procedure for determination of fair market value for the purpose of computation of
perquisite value as per the provisions of the Income-tax Act, 1961**

As per section 17(2)(vi) of the Income-tax Act, 1961 (the ITA), the value of any equity shares allotted or transferred, directly or indirectly, by the employer, or former employer, free of cost or at concessional rate to the employee is regarded as a taxable perquisite.

The value of such equity shares as aforesaid shall be the fair market value of such shares on the date on which the option is exercised by the employee as reduced by the amount actually paid by, or recovered from, the employee in respect of such shares.

In a case where, on the date of exercising the option, the share in the Company is not listed on a recognized stock exchange, the fair market value shall be such value of the share in the Company as determined by a merchant banker on the specified date.

For the purpose of this Annexure A:

“**Merchant banker**” means Category I merchant banker registered with Securities and Exchange Board of India.

“**Specified date**” means –

- the date of exercising the option; or
- any date earlier than the date of exercising of the option, not being a date which is more than 180 days earlier than the date of the exercising.

