

Sansera Engineering Limited
Employee Stock Option Plan, 2018

ARTICLE 1
TITLE

- 1.1 This Plan shall be called the “**Sansera Employee Stock Option Plan, 2018**” also referred to as “**Plan**” which shall include any alterations, amendments or modifications hereto from time to time.

ARTICLE 2
AUTHORITY

- 2.1 This Plan was adopted by the Board of Directors pursuant to a resolution passed at its meeting held on August 7, 2018, and became effective on the approval from the shareholders of Sansera Engineering Limited (the “**Company**”) by way of a special resolution at the Extraordinary General Meeting held on August 8, 2018 and amended vide resolution passed by the Board of Directors at its meeting held on August 22, 2021 and by the Shareholders by way of a special resolution at the Extraordinary General Meeting held on August 31, 2021.

ARTICLE 3
OBJECTS

- 3.1 The objects of the Plan are:
- 1) To provide means to enable the Company and its subsidiaries (if any) to attract, retain and reward appropriate human intellect in its employment and its subsidiaries, respectively;
 - 2) To create a sense of ownership and participation amongst the employees of the Company;
 - 3) To motivate employees of the Company with incentives and reward opportunities; and
 - 4) To achieve sustained growth of the Company and the creation of shareholder value by aligning the interests of the employees with the long term interests of the Company.

ARTICLE 4
DEFINITIONS & INTERPRETATIONS

I. Définitions

In this instrument the following expressions including their grammatical variations and cognate expressions shall, unless, repugnant to the context or meaning thereof, have the meaning assigned to them respectively hereunder:

- 4.1 “Act” means the Companies Act read with Companies (Shares and Debentures) Rules 2014, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time, Foreign Exchange Management Act, 1999, Foreign Exchange Management (Non-debt. Instruments) Rules, 2019 and other regulations promulgated by the Reserve Bank of India, as may be applicable, Indian Stamp Act, 1899 and such other stamp duty rules and regulations applicable in

various states in India and all relevant tax, securities, exchange control or corporate laws, rules, regulations or byelaws of India, or of any stock exchange on which the equity shares of the Company are listed or quoted and includes, any statutory modification, amendment, alteration or re-enactment thereof.

- 4.2 “Beneficiary” means the person, persons, trust or trusts designated by a Optionee (entitled to options under this plan), or in the absence of any designation by the Optionee, a person who after the death of the Optionee, is entitled to receive the benefits specified in Plan or any other plan formulated thereunder in terms of the will executed by the Optionee and includes the Optionee’s executors and administrator and in case the Optionee dies intestate or if no other beneficiary is designated and able to act under the circumstances, the legal heirs of the Optionee in whose favour a succession certificate is issued by the Competent Court.
- 4.3 “Board of Directors” or “Board” means the Board of Directors for the time being of the Company or any Committee thereof and where the context so requires shall include the Board of Directors of a subsidiary company.
- 4.4 “Change in Capital Structure” means a change in the capital structure of the Company as a result of re-classification of Shares, splitting up of the face value of Shares, subdivision of Shares, issue of bonus Shares, conversion of Shares into other Shares or securities of the Company and any other change in the rights or obligations in respect of Shares.
- 4.5 “Companies Act” means the Companies Act, 2013, or any modifications thereto from time to time, or rules made thereunder and for any matters or affairs prior to the notification of the relevant provisions of the Companies Act, 2013, the Companies Act, 1956 and rules made thereof.
- 4.6 “Company” means Sansera Engineering Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plant 7, Plot No. 143/A, Jigani Link Road, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 560 105, Karnataka, India and its successors and assigns, and where the context so requires shall include its Subsidiary companies.
- 4.7 “Corporate Action” means one of the following events:
- a) the merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the Shares are converted into or exchanged for:
 - a different class of securities of the Company; or
 - any securities of any other issuer; or
 - cash; or
 - other property,
 - b) the sale, lease or exchange of all or substantially all of the assets or undertaking of the Company.
 - c) the adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
 - d) acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any company, person, entity or group of a controlling stake in the

Company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the Company.

- e) any other event, which in the opinion of the Board has a material impact on the business of the Company.

4.8 "Director" shall have the same meaning as defined under section 2(34) of the Companies Act, 2013.

4.9 "Employee" means

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

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 per cent of the outstanding equity shares of the company;

4.10 "Eligible Employee" means an Employee as determined by the Nomination and Remuneration Committee to be entitled to the Shares.

4.11 "Employee Stock Option Agreement" means a written agreement between the Company and an Eligible Employee with respect to a grant.

4.12 "Employment Agreement" means the agreement signed by the Employee with the Company or any of its subsidiaries or the appointment letter offered by the Company and duly accepted by the employee;

4.13 "Exercise" in relation to an Option means, making an application by the Optionee to the Company for issuance of Shares, against an Option vested in pursuance of the Plan, accompanied by the Exercise Price payable for the Shares. Exercise, in the instant case, will occur only on the happening of "Corporate Action".

4.14 "Exercise Date" means the date on which an Optionee Exercises an Option.

4.15 "Exercise Period" in relation to an Option means the time period after Vesting within which an Employee can exercise his/her right to apply for a Share against an Option vested in him pursuant to the Plan.

4.16 "Exercise Price" means the price of the share payable by an Eligible Employee/Optionee exercising the Option granted to him pursuant to the Plan as may be determined by the Nomination and Remuneration Committee.

4.17 "Fair Market Value of the Share":

means till the time shares of the Company are not listed on any Stock Exchange, the value determined by the Nomination and Remuneration Committee of the shares based upon the Company's accounts, the current book value per share of the Company's outstanding capital stock, the price at which shares of the Company's outstanding capital stock have previously been issued by the Company, the liquidation rights and other preferences to which the holders of those shares are entitled, the lack of marketability of the Shares, and such other factors that the Nomination and Remuneration Committee considers appropriate in good faith. The decision of the Nomination and Remuneration Committee shall be final and binding in all cases.

Upon listing of shares of the Company, Fair Market Value mean latest available closing price on the recognized stock exchange on which Shares of the Company are listed on the date immediately prior to the relevant date

If the Shares are listed on more than one recognized stock exchange, then the closing price on the recognized stock exchange having higher trading volume shall be considered as the Fair Market Value.

4.18 "Grant" means the process by which the Company issues Options under the Plan.

4.19 "Grant Date" means the date on which Nomination and Remuneration Committee approves the grant.

Explanation: For accounting purposes, the grant date will be determined in accordance with applicable accounting standards.

4.20 "group" means two or more companies which, directly or indirectly, are in a position to

- (i) exercise twenty-six per cent. or more of the voting rights in the other company; or
- (ii) appoint more than fifty per cent. of the members of the Board of Directors in the other company; or
- (iii) control the management or affairs of the other company;

4.21 "Independent Director" shall have the same meaning assigned to it under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

4.22 "IPO" shall have the same meaning assigned to it under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

4.23 "Nomination and Remuneration Committee" means the Committee of the Board constituted by the Company..

4.24 "Nominee" means the Parent, spouse or any child of the Employee nominated by the Employee as provided hereinafter.

4.25 "Optionee" means an Eligible Employee who has been granted any Option under this Plan and where the context requires shall include the guardian of an incapacitated Eligible Employee, and the nominee or legal heir of a deceased Eligible Employee.

- 4.26 “Option” means a right but not an obligation, granted to an Eligible Employee in pursuance of the Plan to purchase or subscribe at a future date, the Shares offered by the Company, at the Exercise Price upon such terms and conditions as may be specified in the Plan.
- 4.27 “Permanent Disability” means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Board and/or Nomination and Remuneration Committee.
- 4.28 “Plan” means the **Sansera Employee Stock Option Plan, 2018** as set out herein and as amended or modified from time to time.
- 4.29 “Promoter” shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 4.30 “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.
- 4.31 “recognised stock exchange” means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956.
- 4.32 “Relative” shall have the same meaning as defined under Section 2(77) of the Companies Act.
- 4.33 “relevant date” means, the date of the meeting of the Nomination and Remuneration Committee on which the grant is made.
- 4.34 “Resultant Shares” means the Shares or other securities issued in lieu of the Shares of the Company, on any “Change in Capital Structure” or on any “Corporate Action”.
- 4.35 “Sansera Employee Stock Option Agreement” means the agreement entered into between the Company and the Eligible Employee setting out the terms and conditions of the Grant of Options under the Plan.
- 4.36 “Securities” means securities as defined in clause (h) of Article 2 of the Securities Contracts (Regulation) Act, 1956.
- 4.37 “Share” means an equity share of the Company and a security convertible into equity share and includes American Depository Receipt , Global Depository Receipt or other depository receipts representing underlying equity share or security convertible into equity share.
- 4.38 “Subsidiary(ies)” or “Subsidiary Company” means a Company wholly owned or under control of the Company in accordance with Section 2(87) of the Companies Act.
- 4.39 “Superannuation” / “Retirement” in relation to an Employee means-

- (a) The attainment by the Employee of such age as is fixed in the condition of service as the age on the attainment of which the Employee shall vacate his employment; and
 - (b) In any other case, the attainment by the Employee of the age of fifty eight years.
- 4.40 “SEBI” means the Securities and Exchange Board of India constituted under Securities and Exchange Board of India Act, 1992.
- 4.41 “SEBI Regulations” means the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- 4.42 “Stock Exchange” means, a stock exchange, whether within or outside India, which is notified / recognized by any government authority as a stock exchange, for the purpose of trading in Shares/ securities.
- 4.43 “Surrender Value” means the amount determined in accordance with the provisions of the applicable sub-clause, as hereinafter stated:
- (i) the price per Share offered, whether in cash or otherwise, to shareholders of the Company pursuant or related to a Corporate Action taking place.
 - (ii) if a "Corporate Action" occurs other than as described in Sub-Article (i), the Fair Market Value per Share / Option, determined by the Board of Directors, on the date of cancellation and surrender of any Options.
- If the consideration offered to shareholders of the Company, in the event of a Corporate Action, consists of anything other than cash, the Board of Directors shall determine the fair cash equivalent of such part of the consideration which is offered other than by way of cash.
- 4.44 “Trust” means an Employee Welfare Trust (EWT) set-up by the Company *inter-alia* for implementation, administration, financing and holding the Shares for the benefit of Eligible Employees in accordance with the terms and conditions of this Scheme.
- 4.45 “Unvested Option” means an option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the optionee has not become eligible to exercise the Options.
- 4.46 “Vesting” means the process by which an Optionee becomes eligible to Exercise his rights to apply for Shares pursuant to the Options granted to him under the Plan.
- 4.47 “Vesting Date” in relation to an Option means the earliest date on which the rights under the Options may be exercised by an Optionee.

II. Interpretation:

In this document, unless the contrary intention appears:

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

III. Article Headings:

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

IV. References:

- a) A reference to a Clause or Schedule is respectively a reference to a Clause or Schedule of this document. The Schedules to this document shall for all purposes form part of this document.
- b) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.
- c) Any word which is not defined under the Plan shall be interpreted in line with SEBI Regulations and other applicable laws.

**ARTICLE 5
IMPLEMENTATION AND ADMINISTRATION**

- 5.1 The Plan shall be implemented through direct route for extending the benefits to the eligible Employees by the way of fresh allotment and will follow cash mechanism. The Company will allot fresh Shares to the Grantees upon successful exercise of Options in accordance with terms and conditions of the Plan.

Provided that if prevailing circumstances so warrant, the company may change the mode of implementation of the scheme subject to the condition that a fresh approval of the shareholders by a special resolution is obtained prior to implementing such a change and that such a change is not prejudicial to the interests of the employees.

- 5.2 The Plan shall be administered by the Nomination and Remuneration Committee formed by the Company under the broad policy and framework laid down by the Board of Directors.

**ARTICLE 6
EFFECTIVE DATE AND PLAN DURATION**

- 6.1 The Plan shall be deemed to have come into force on the 7th day of August 2018.
- 6.2 The Plan shall be terminated and no Option shall be granted under the Plan after 7th August 2028.
- 6.3 If any Option granted under the Plan lapses, expires, is forfeited or cancelled or becomes un-exercisable due to any reason, under any provision of the Plan, such Option shall be added back to the Options available for further grants under the Plan. After the Closing Date, the Plan shall remain in effect until all the Options granted under the Plan shall have been exercised or shall have expired by reason of lapse of time or otherwise, whichever is earlier.
- 6.4 The Benefit granted under this Plan is Equity Shares which are underlying the Options granted.

ARTICLE 7
NOMINATION AND REMUNERATION COMMITTEE

- 7.1 The Board of Directors at its meeting held on July 31, 2018 has pursuant to the authority granted to it under the resolution passed by the members at the Extraordinary General Meeting of the Company held on August 3, 2018, constituted a separate Committee of the Directors/Employees by the name of the “Nomination and Remuneration Committee”.
- 7.2 The Nomination and Remuneration Committee shall consist of such number of persons, as the Board may deem fit from time to time, to be appointed from amongst the non – executive directors. Provided however that the independent directors as defined under the SEBI Regulations shall constitute atleast fifty percent of the directors in the Nomination and Remuneration Committee. The Board, shall at its sole discretion, have the power to appoint any Non-Executive Director as a member of the Nomination and Remuneration Committee and to remove any such Director so appointed and appoint another in his place. Any such appointment and / or removal shall be made by a resolution of the Board. The Nomination and Remuneration Committee shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit. The Nomination and Remuneration Committee, in the exercise of its powers, may require any information from the Company, and / or seek the assistance of any Employee of the Company as it may deem fit to fully and effectively discharge its duties.
- 7.3 The powers of the Nomination and Remuneration Committee (exercised either on its own or through the EWT), *inter-alia*, include the power to:
- a) Adopt rules and regulations for implementing the Plan from time to time.
 - b) determine the number of Options to be granted, to each Employee and in the aggregate, and the times at which such grants shall be made.
 - c) determine the Eligible Employee(s) to whom Options will be granted.
 - d) determine the performance criterion, if any for the Eligible Employees.
 - e) lay down the conditions under which Options vested in Optionees may lapse in case of termination of employment for misconduct etc.
 - f) determine the Exercise Price which the Optionee should pay to Exercise the Options. The Nomination and Remuneration Committee shall determine the Exercise Price which may be at a discount of upto 10% of the Fair Market Value of the shares as determined as per 4.17.
 - g) determine the Exercise Period within which the Optionee should Exercise the Options and that Options would lapse on failure to Exercise the same within the Exercise Period.
 - h) specify the time period within which the Optionee shall Exercise the vested Options in the event of termination or resignation of an Optionee.
 - i) lay down the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of rights issues, bonus issues and other Corporate Action.
 - j) provide for the right of an Optionee to Exercise all the options vested in him at one time or at various points of time within the Exercise Period.
 - k) lay down the method for satisfaction of any tax obligation arising in connection with the Options or such Shares.
 - l) lay down the procedure for cashless Exercise of Options, if any.
 - m) provide for the Grant, Vesting and Exercise of Options in case of Employees who are on long leave or whose services have been seconded to any other company or who have joined any other Subsidiary or other company at the instance of the Company.

- n) Frame suitable policies, procedures and systems to comply with applicable laws and rules of the stock exchanges upon listing of Shares of the Company, where applicable.
 - o) Make arrangements for listing and trading of Shares issued under the Plan on the stock exchanges on which the Shares of the Company are listed, as applicable.
 - p) Resolve any issue that arises in the operationalization of the Plan and ensure smooth and proper operationalization of the Plan, as per the applicable laws; and
 - q) Perform such other functions and duties as shall be required under the applicable laws.
 - r) the procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the company, and the applicable terms and conditions, including:
 - (i) permissible sources of financing for buy-back;
 - (ii) any minimum financial thresholds to be maintained by the company as per its last financial statements; and
 - (iii) limits upon quantum of specified securities that the company may buy-back in a financial year.
- 7.4 The number of members of the Nomination and Remuneration Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the SEBI Regulations and such other rules and regulations as may be in force. The Board may further provide that the Nomination and Remuneration Committee shall exercise certain powers only after consultation with the Board and in such case the said powers shall be exercised accordingly.
- 7.5 No member of the Nomination and Remuneration Committee shall be personally liable for any decision or action taken in good faith with respect to the Plan.
- 7.6 A member of the Nomination and Remuneration Committee shall abstain from participating in and deciding any matter relating to granting of any Option to him.

ARTICLE 8 APPRAISAL AND ELIGIBILITY OF AN EMPLOYEE

- 8.1 As soon as may be possible after the Plan comes into effect and at such times thereafter, as deemed fit, the Nomination and Remuneration Committee shall, based on the various criteria, decide on the Employees who are eligible for the Options under the Plan and the terms and conditions thereof. The Board of Directors may in its absolute discretion vary or modify such criteria and / or selection and / or the terms and conditions for granting any Option to any Employee or class of Employees.
- 8.2 All Employees (as defined in Para4.10 above) shall be eligible to participate in the Plan, in accordance with the provisions of the SEBI Regulations.

ARTICLE 9 GRANTING OF OPTIONS

- 9.1 The Nomination and Remuneration Committee may from time to time Grant Options to one or more Employee(s), which may include recurring Options to the same Employee. The aggregate number of Shares underlying an Option that may be granted under the Plan shall be decided by the Nomination and Remuneration Committee and shall not exceed such number of options which represents 2.50% shareholding in the Company on a fully diluted basis (considering conversion of any outstanding CCPS and any existing employee stock

options as on the date of this Plan) as on the date of this Plan. Each Option granted under the Plan is convertible into 1 (one) equity share of Rs.2/- each.

- 9.2 The Nomination and Remuneration Committee may grant up to 60% of the aforesaid options post filing of the Prospectus with Registrar of Companies, Karnataka, located at Bangalore and prior to listing of the Company on the stock exchanges, pursuant to the IPO. The balance options shall be reserved for future and shall be granted from time to time post completion of the IPO. The Nomination and Remuneration Committee shall determine the Exercise Price which may be at a discount of up to 10% of the Fair Market Value of shares determined as per Clause 4.18.
- 9.3 Unless agreed to otherwise between the Company and any Employee, the Grant of an Option to an Employee under this Plan shall entitle the holder of the Options to apply for one Share in the Company upon payment of Exercise Price set out in this Plan. Subsequent Options may be granted at such price as may be determined by the Nomination and Remuneration Committee of the Board. Such Grant shall be communicated, in writing, by way of a grant letter substantially in the form and manner agreed upon by the Nomination and Remuneration Committee (“**Grant Letter**”).
- 9.4 Unless otherwise specified in the Grant Letter and / or in the Employee Stock Option Agreement, all Grants shall be deemed to have been made effective following the date of the Grant Letter. Any Grant agreed to be made to a prospective Employee upon the condition that such person becomes an Employee shall be deemed to have been granted and shall become effective on the earliest of the dates specified hereinbefore in this paragraph after the date on which such person commences employment with the Company.
- 9.5 Each Option granted shall be advised to the Employees in writing specifying the date, number of Options granted, the Vesting of the Option, the earliest date on which some or all of the Options under the Grant shall be eligible for Vesting, fulfillment of the performance and other conditions, if any, subject to which Vesting shall take, and the other terms and conditions thereof.
- 9.6 If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options reserve specified above and shall become available for future Grants, subject to compliance with the provisions of the applicable laws.
- 9.7 Subject to availability of Options, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant. The Nomination and Remuneration Committee may, decide to grant such number of Options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.
- 9.8 No Amount is payable at the time of grant of Options.

ARTICLE 10 VESTING OF OPTIONS

- 10.1 Unless the terms and conditions of a Grant of Option shall otherwise require, an Option granted to an employee shall entitle him to apply for the share within the Exercise Period and at an Exercise Price.
- 10.2 Notwithstanding anything to the contrary in this Plan, the Nomination and Remuneration Committee shall be entitled to make the Vesting of any or all of the Options granted to an Employee conditional upon the fulfillment of such performance criteria whether of the

Employee and / or any team or group of which he is a part and / or of the Company or the Company, and the Company's revenue target, as may be determined by the Nomination and Remuneration Committee or determine a vesting schedule other than that specified herein below for any employee or class of employee. Employee can recoup all options lost from previous years due to performance conditions in any subsequent year, if target achieved.

10.3 Unless otherwise specified, all Options granted on any date shall Vest as follows;

- 25% at the end of Year 1, post grant of Options
- 25% at the end of Year 2, post grant of Options (cumulatively 50%)
- 25% at the end of Year 3, post grant of Options (cumulatively 75%)
- 25% at the end of Year 4, post grant of Options (cumulatively 100%)

There shall be a minimum period of one year between the grant of options and vesting of options or as may be prescribed by SEBI and the Act.

Provided that in the event of death or permanent incapacity /disability of an employee, the minimum vesting period of one year shall not be applicable and in such instances, the options shall vest in terms of sub-regulation (4) & (5) of Regulation 9 of SEBI Regulations, on the date of the death or permanent incapacity.

10.4 The maximum vesting period shall be such period and in such manner as prescribed by the Nomination and Remuneration Committee subject to a maximum period of four years from the grant of Options.

10.5 It is hereby clarified that the Vesting Dates in respect of the Options granted under this Plan shall be at the sole and absolute discretion of the Nomination and Remuneration Committee and may vary from an Employee to Employee or any class thereof and / or in respect of the number or percentage of Options granted to an Employee and price at which option is granted.

10.6 On the earliest date on which any Option is eligible for the Vesting or immediately thereafter, such number or percentage of the Options as may be specified in the Grant Letter, on an automatic basis shall be deemed to have so vested and accordingly the Optionee shall, subject to fulfillment of any other condition as may be specified under the Plan, be eligible to Exercise the said Options.

10.7 Out of the Options eligible for Vesting on the basis of performance parameters, if any, such percentage or such number of Options as may be specified by the Nomination and Remuneration Committee in the Grant Letter or any of the other writing, having regard to the performance of the Optionee evaluated in accordance with such performance criteria as may be laid down by the Nomination and Remuneration Committee, shall Vest in the Optionee.

10.8 The Nomination and Remuneration Committee in its absolute discretion may, for any Optionee or class of Optionees permit the Options granted, including Options which have not vested, to be exercised within such time and as per such terms and conditions as it may determine, subject to minimum vesting period of one year as mentioned in 10.2

10.9 In the event of any Optionee:

- a) dying whilst in the employment or engagement of the Company; or
- b) becoming totally and permanently disabled; or
- c) attaining the age of superannuation while in service,

the rights and obligations under the Options vested in such Optionee shall accrue to his legal heirs or continue in his/her hands, as the case may be and the Exercise of the vested Options shall be accelerated as set out under Article 14 of this Plan. Provided however that in any of the above cases, subject to compliance with applicable law, the Nomination and Remuneration Committee may in its absolute discretion permit the Exercise of any Unvested Options and / or modify the Exercise Period of any vested Options, and the other conditions of the Grant as it may deem fit, notwithstanding anything to the contrary stated elsewhere in this Plan

ARTICLE 11 EXERCISE OF OPTIONS

- 11.1 The Optionee may, at any time during the Exercise Period, Exercise the Options by submitting an application to the Nomination and Remuneration Committee to issue and allot him Shares pursuant to the vested Options, accompanied by payment of an amount equivalent to the Exercise Price in respect of such Shares and such other writing, if any, as the Board may specify to confirm extinguishment of the rights comprising in the Options then Exercised. The Shares so allotted under the Plan shall not be subject to any lock in period.
- 11.2 Except as otherwise provided, payment of the Exercise Price for the Shares to be acquired pursuant to any Options shall be made either by:
- (i) cheque payable at the registered office of the Company;
 - (ii) the Optionee's authority to the Company to deduct such amount from his salary due and payable;
 - (iii) such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law; or
 - (iv) combination of any two or more of the above mentioned methods.
- 11.3 The application shall be in such form as may be prescribed in this regard and the Nomination and Remuneration Committee may determine the procedure for the Exercise from time to time.
- 11.4 Subject to the provisions of Article, 12 and 13, the Optionee shall Exercise his Options, either wholly or partly, only during a period of one month after the quarter ending on 31st March, 30th June, 30th September and 31st December in each year within the overall exercise period. Allotment of Shares pursuant to the Exercise of Options made during any month shall normally be made within a period of 7 (Seven) working days after the end of month in which the Options are Exercised.
- Provided further that the Board / Nomination and Remuneration Committee is entitled to specify such other periods during which the Options may or may not be permitted to be exercised.
- Provided however that in case of cessation of employment, the Optionee shall be entitled to Exercise the Options in accordance with the provision of Sub-Article 12 notwithstanding the Exercise Dates specified hereinabove in this Sub-Article, but subject to the provisions of any law or regulation for the time being in force.
- 11.5 For the purpose of Article 11.4, the overall exercise period shall be 3 years from the date of respective vesting of options.

- 11.6 The Optionee may appoint any person(s) as nominee(s) for the purpose of exercising the rights on his death, subject to the terms and conditions of the Plan. The Optionee shall appoint such nominee(s) by submitting a letter in the form specified by the Nomination and Remuneration Committee in this regard. The Optionee has the right to revoke / change such nomination. The nominee(s) shall alone be entitled to exercise the rights of the Optionee concerned in the event of the death of the Optionee.
- 11.7 Notwithstanding anything contained elsewhere in the Plan, the Nomination and Remuneration Committee and / or the Board may:
- (i) not permit the Exercise of any Options (whether vested or not) granted to an Employee, in the event of the Employee being found to be involved in fraud, misfeasance, gross negligence, breach of trust etc and in such an event the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
 - (ii) if the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force, defer or not to permit the Exercise of Options till such time as it is prohibited by the applicable laws or regulations and in such an event the Company shall not be liable to pay any compensation or similar payment to the Optionee for any loss suffered due to such refusal.

Provided further, that the Board and / or Nomination and Remuneration Committee shall have the power to cancel all or any of the Options Granted under the Plan if so required under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the Optionee for such cancelled Options.

ARTICLE 12 CESSATION OF EMPLOYMENT

- 12.1
- (a) The options granted under this Plan, shall terminate (and this option shall cease to be outstanding) in the event the Optionee has engaged in fraud, embezzlement, or committed a breach of confidentiality in the course of his Employment with the Company; (ii) the Optionee has engaged in such behaviour materially detrimental to the interests of the Company as a result of wilful misconduct in the carrying out of the duties or obligations of the Optionee; (iii) a breach by the Optionee of any of the material terms and conditions of his employment agreement, if any which has not been cured within thirty 30 days of receipt of a notice from the Company; or (iv) the Optionee is convicted for any felony or crime involving moral turpitude, fraud or misrepresentation, in which event all vested Options and Unvested Options at the time of such cessation of employment shall stand terminated with immediate effect;
 - (b) Subject to 12.1(a), in the event of resignation of the employee, the Optionee will continue to have the right to exercise only the vested Options (and not the Unvested Options) as provided Article 11 above and all unvested options shall stand cancelled as on the date of cessation of employment.
 - (i) in the event of separation of an employee from the company due to reasons of permanent and total disability of the Optionee (except in situation mentioned in 12.1(d)) or death of the Optionee, both the vested and Unvested Options shall continue to subsist, and may be exercised by the Optionee or his legal heirs, as applicable in accordance with Article 11 above;
 - (ii) In the event of separation of an employee from the Company due to permanent incapacity while in employment all Options granted to him as on the date of

permanent incapacitation, shall vest in him on that day, and may be exercised by him or his legal heirs in accordance with this Plan.

- (c) in the event the Optionee becomes of retirement age, the Optionee would need to continue employment with the Company either in the capacity of employee or consultant, as required by the Company, on terms and conditions mutually acceptable to the Optionee and the Company. On such retirement, the Optionee will continue to have the right to exercise the vested Options in accordance with Article 11,above.
- (d) in the event of abandonment of employment by the Optionee without the consent of the Company, the Optionee will continue to have the right to exercise the vested Options as provided in Article 11 above.
- (e) in the event of termination of employment by the Company without any reason, the Optionee will continue to have the right to exercise the vested [and the Unvested Options] as provided in Article 11 above.
- (f) in case of separation of Employee due to reasons other than those mentioned in the afore-mentioned sub-clauses of Article 12, the Board will decide whether the vested Options held by such Employee as on the date of separation can be exercised by the Employee or not, and such decision of the Board shall be final.
- (g) In the event that an Employee who has been granted Options, is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing company, prior to the vesting or exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Employee.

ARTICLE 13 TERMS AND CONDITIONS OF SHARES

- 13.1 All Shares acquired under the Plan will rank *pari passu* with all other Shares of the Company for the time being in issue, save as regards any right attached to any such Shares by reference to a record date prior to the date of allotment. Dividend in respect of Shares allotted on Exercise of the Options shall be payable pro-rata from the date of allotment.
- 13.2 Neither an Optionee, nor his successor in interest, shall have any of the rights of a shareholder of the Company with respect to the Shares for which the Option is exercised until such Shares are allotted by the Company.

ARTICLE 14 CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION

- 14.1 Except as hereinafter provided, any Grant made shall be subject to adjustment, by the Nomination and Remuneration Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.
- 14.2 If there is a 'Change in the Capital Structure of the Company' before the Options Granted under this Plan are exercised, the Employee shall be entitled on Exercise of the Options, to such number of Resultant Shares to which he would have been entitled as if all then outstanding Options exercised by him, had been exercised before such 'Change in the Capital Structure" had taken place and the rights under the Options shall stand correspondingly adjusted.

14.3 The Shares in respect of which the Options are granted, are Shares as presently constituted. But if and when, prior to the expiry of the Exercise Period there is a 'Change in the Capital Structure' of the Company, the number of Resultant Shares with respect to which the Options may thereafter be exercised shall, in the event of :

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

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

14.4 In the event of 'Corporate Action', the Nomination and Remuneration Committee, at least seven days prior to any 'Corporate Action' or sixty days thereafter, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives:-

- i) Provided that on any Exercise of Options hereafter, the Optionee shall be entitled to the Shares and / or Resultant shares as if the Optionee had been a Holder of the Shares on the date of the Corporate Action.
- ii) Make such adjustments to the Options outstanding to reflect the 'Corporate Action', as may be necessary,
- iii) Substitute the Options granted, by fresh Options whether in the Company or another Company, which have substantially the same terms as the Options granted under this Plan.
- iv) Accelerate the Vesting (subject to Para 10.3) and / or the Exercise of the Options so that the Options are to be compulsorily exercised before the date specified by the Nomination and Remuneration Committee, failing which they shall lapse.
- v) Require the mandatory surrender to the Company, by all or some of the Optionee, of all or some of the outstanding Options, irrespective of whether, the Options, have vested or not, as on that date. In such an event the Nomination and Remuneration Committee shall pay to such Employee an amount, in cash or otherwise, per Option, as the case may be, of the "Surrender Value" after deducting the balance Exercise Price payable, if any.

Provided, however, unless specifically agreed otherwise upon by the Board, all Unvested Options on the date of any Corporate Action as envisaged above, shall lapse and the Optionee shall not be entitled to any compensation of any nature whatsoever.

ARTICLE 15 AMENDMENT OR TERMINATION OF THE PLAN

15.1 The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any Grant previously made may be carried out, which would impair or prejudice the rights of the Optionee without the consent of the Optionees, except as may be required under law.

Provided further, that the Board will not, without the approval of the shareholders, amend the Plan to increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options or upon Grants except as otherwise stated elsewhere in this Plan.

- 15.2 Without prejudice to the above, the Board of Directors, may, without any reference to or consent of the Employee concerned, amend the Plan or Grant or any Agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this Plan.
- 15.3 The Company may, by passing a Special Resolution, vary the terms of the Plan in relation to the options not exercised by the Optionees provided such variation is not prejudicial to the interest of the Optionees.

ARTICLE 16 OTHERS

16.1 No Right to an Option:

Neither the adoption of the Plan nor any action of the Board of Directors or Nomination and Remuneration Committee shall be deemed to give an Employee any right to be granted any Option or to acquire Shares or to any other rights, nor shall it create any right in any employee to claim any Option as a matter of right.

16.2 No Employment Rights Conferred:

Nothing contained herein or in any Option granted to an employee shall:

- (i) give or confer upon such employee any right for continuation of any employment with his employer, or
- (ii) interfere in any way with the right of the Company to terminate the employment of such employee at any time and for any reason whatsoever.

16.3 Tax Deduction at Source and Tax Recovery:

The Company shall have the right to deduct all taxes payable either by the Employee / Optionee, in connection with all Grants / Options / Shares under this Plan, by way of deduction at source from salary and in addition to require any payments necessary to enable it to satisfy such obligations.

The Optionee will also as a condition of the Plan authorise the Company or its nominee to sell such number of Shares as would be necessary to discharge the obligation in the respect of such taxes and appropriate the proceeds thereof on behalf of the Optionee.

16.4 No Restriction of Corporate Action:

The existence of the Plan and the Grants made hereunder shall not in any way effect the right or the power of the Board of Directors or the shareholders or the Company to make or authorise any 'Change in Capital Structure; including any issue of shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof.

Nothing contained in the Plan shall be construed to prevent the Company from taking any Corporate Action which it deems appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Grant made under the Plan. No Employee or other person shall have any claim against the Company as a result of such action.

16.5 Confidentiality:

The Optionee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan. Any violation may result in cancellation of the offer without prejudice to the other action, which may be taken in this regard.

16.6 Insider Trading:

The Optionee shall ensure that there is no violation of applicable regulations for the prevention of “insider trading” in Shares and securities and for prevention of Fraudulent and / or Unfair Trade Practices relating to the securities market.

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

The Optionee shall indemnify and keep indemnified the Company / Board / Trust / Committee in respect of any liability arising as a result or consequence of the violation of the above provisions by the employee.

16.7 New Plans:

Nothing contained in the Plan 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 its best interest, whether or not such other action would have any adverse impact on the Plan or any Grant made under the Plan. No Employee or other person shall have any claim against the Company and / or Trust as a result of such action.

16.8 Issues:

In respect of any issues arising in respect of the Plan, the decision of the Board of Directors shall be final and binding on all concerned.

16.9 Restriction on transfer of Option:

Except as otherwise provided in this Plan, an Option shall not be transferable and shall be exercisable during Exercise Period only by such Optionee. An Option shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner by the Optionee.

16.10 Option Agreement:

Each Option shall be evidenced by terms and conditions as may be stipulated by the Company.

16.11 Plan severable:

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

In the event that any term, condition or provision of this Plan being held to be a violation of any applicable law, statute or regulation the same shall be severable from the rest of this

Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

16.12 Dividend:

An Optionee shall be entitled to receive any dividend declared by the Company in respect of the Shares issued pursuant to the Options granted to him, provided that the Optionee has exercised the Options and has become a registered shareholder of the Company.

16.13 Arbitration:

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

16.14 Governing Laws:

The Plan shall be construed in accordance with the laws of India and subject to the jurisdiction of Court in Bangalore, India only and accounting shall in confirmation to the Indian Accounting standards issued by the Institute of Chartered Accountants of India.