

STUDDS ACCESSORIES LIMITED
EMPLOYEE STOCK OPTION SCHEME 2026

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1. SHORT TITLE, EXTENT AND COMMENCEMENT

- a. **This ESOP Scheme shall be called the "Studds ESOP Scheme 2026" or "Scheme" or "ESOP Scheme" or "Plan".**
- b. This ESOP Scheme has been formulated by the Board of Studds Accessories Limited (the "**Company**"), a public limited company incorporated under the Companies Act, 1956 (amended as Companies Act, 2013, having Corporate Identity Number L25208HR1983PLC015135 and its Registered and Corporate Office at Plot No. 918, Sector 68, IMT, Faridabad, Haryana, India, 121004 and is subject to approval of its Shareholders by way of a Special Resolution proposed to be passed on 5th September 2026 at the 44th Annual General Meeting of the Company.

2. OBJECTIVES OF THE ESOP SCHEME

The principal objectives of this ESOP Scheme are:

- a. To promote long-term financial interest in the Company by offering Eligible Employees an opportunity to participate in the share capital of the Company.
- b. To attract and retain high-quality human talent by providing them with incentives and reward opportunities.
- c. To motivate talented and critical Employees and create a sense of ownership among the Employees of the Company.
- d. To improve the Employee performance with ownership interests and provide them with wealth creation opportunity whilst in employment with the Company.
- e. To achieve sustained growth by aligning Employee interest with long-term interests of the Company.

3. APPLICABILITY, TERM AND CONDITIONALITY

- a. It applies only to Eligible Employees as selected by the Board and/or the Compensation Committee from time to time.
- b. This ESOP Scheme shall become effective from 5th September, 2026 ("**Effective Date**") and shall terminate upon the date on which all the Options available for issuance under this ESOP Scheme have been exercised by the Eligible Employee pursuant to the grant of Options and Equity Shares have been issued and allotted. Notwithstanding anything contained herein, this ESOP Scheme and/or Notified ESOP Scheme(s) thereunder shall subsist or continue purely at the discretion of the Board and/or the Compensation Committee and can be terminated at any time at the sole discretion of the Board and/or the Compensation Committee in accordance with Applicable Laws but without the consent of, and without notice to the Eligible Employees provided the same is not detrimental to the interests of the Option Grantee.
- c. The Nomination and Remuneration Committee (hereinafter referred to as NRC or Compensation Committee) duly constituted in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), shall act as the Compensation Committee for the administration of the ESOP Scheme.
- d. The Board and/or the Compensation Committee may, subject to compliance with Applicable Laws currently applicable to the Company, at any time alter, amend, suspend or terminate this ESOP Scheme provided the same is not detrimental to the interests of the Option Grantee, provided further that any variation in the terms of the Options already granted but not yet exercised shall be carried out only with the prior approval of the Shareholders by way of a special resolution, in accordance with Regulation 7 of the SEBI SBEB Regulations and shall not be prejudicial to the interests of the Option grantees.

- e. Unless otherwise determined by the Board and/or the Compensation Committee, termination of this ESOP Scheme shall not affect the Grant, Vesting or Exercise of the Options already issued under this ESOP Scheme.

4. DEFINITIONS

As used herein, unless repugnant to the context, the following definitions shall apply:

- a. **"Abandonment"** shall mean discontinuation of employment by an Option Grantee without giving notice or without serving a period of notice as specified by the Company from time to time.
- b. **"Anti-Corruption Laws"** shall mean all Applicable Laws relating to anti-bribery or anti-corruption (including, without limitation, the (Indian) Prevention of Corruption Act, 1988, and any other anti-bribery, anti-corruption law, statute, rule, regulation applicable to the Company, its Subsidiaries or any Grantee, each as amended and applicable.
- c. **"Applicable Law(s)"** means the legal requirements relating to the ESOP Scheme, including, without limitation, the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the SEBI Act, Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SEBI SBEB Regulations**"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time and includes any clarifications or circulars issued thereunder, and all relevant tax, securities, exchange control or corporate laws of India, or of any other relevant jurisdiction, or of any stock exchange on which Shares of the Company are listed and quoted and the Applicable Law includes any provision of the applicable rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant Applicable Law.
- d. **"Bad Leaver"** means an Employee whose employment is terminated by the Company (or who is deemed to have ceased employment) due to **Cause**, including any of the following (as determined in accordance with Applicable Law and the Company's disciplinary process, where applicable):
 - (i) breach of contract of employment by the Employee; or
 - (ii) failure to comply with directions provided of Board / Compensation Committee to the employee; or
 - (iii) abandonment of office by the Employee; or
 - (iv) material breach of any restrictive covenants such as non-compete, non-solicit or non-poaching, to the extent enforceable under Applicable Law
 - (v) any other event as may be determined by the Board /Compensation Committee.
- e. **"Competitor"** means any person/entity that carries on a business which is substantially similar to or competes with the business of the Company and/or its group entities, as may be specified in the Company Policies / Terms of Employment or the Grant Letter. The Compensation Committee may identify/specify the scope of "Competitor" for the purposes of this ESOP Scheme acting reasonably and in good faith, based on objective criteria. For clarity, passive investments held as a portfolio without management influence or control shall not, by itself, constitute engagement with a Competitor.
- f. **"Board"** means the Board of Directors of the Company for the time being in force.
- g. **"Breach of Conduct"** means any breach of the Company's code of conduct, employee handbook, policies or lawful directions, including (i) material breach of confidentiality, data protection or

information security requirements; (ii) material breach of anti-bribery/anti-corruption requirements; and/or (iii) any misconduct under Applicable Law or Company policy.

- h. **"Cause"** means, in relation to an Eligible Employee/Option Grantee, the occurrence of any of the following (whether or not determined as "misconduct" under the Company's policies), provided that the Company has followed applicable due process requirements under Applicable Law/policies where required: (i) fraud, dishonesty, misappropriation, embezzlement, theft, breach of trust or any act involving moral turpitude; (ii) wilful misconduct, gross negligence, wilful insubordination or repeated refusal to perform lawful and reasonable duties; (iii) material breach of the terms of employment and/or the Company's policies (including code of conduct), including material breach of confidentiality, data protection/information security, or intellectual property obligations; (iv) material breach of any restrictive covenants such as non-compete, non-solicit or non-poaching, to the extent enforceable under Applicable Law; (v) conviction (or a plea of guilty/nolo contendere) for any criminal offence (other than minor traffic violations) which, in the reasonable opinion of the Company, materially affects the Employee's ability to perform duties or materially harms the Company's reputation; or (vi) any other act or omission which results in material and demonstrable prejudice to the Company or its business, as determined by the Compensation Committee/Board acting reasonably and in good faith, based on documented findings;
- i. **"Companies Act"** means the Companies Act, 2013, rules made thereunder and includes any statutory modifications or re-enactments thereof.
- j. **"Companies Policies / Terms of Employment"** means the Company's policies for Employees and the terms of employment as contained in the employment letter / contract / Company handbook, HR Manual which includes provisions for securing confidentiality, non-compete and non-poaching of other Employees and customers. Policies / Terms of Employment of the Subsidiary Company, as regards an Option Grantee on the payrolls of such Subsidiary Company, shall be deemed to be "Company Policies / Terms of Employment" for such Option Grantee.
- k. **"Compensation Committee"** means the Nomination and Remuneration Committee constituted by the Board (or such other committee of the Board as may be permitted under Applicable Laws) to act as the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2011, as amended from time to time, and includes any delegate to whom the Compensation Committee has delegated its powers in accordance with Applicable Law. The constitution of the Compensation Committee shall always be in compliance with the SEBI SBEB Regulations.
- l. **"Control"** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
- m. **"Director"** shall have the same meaning as defined under section 2(34) of the Companies Act, 2013.
- n. **"Eligible Employee(s)"** means an Employee of the Company or of its existing or future Subsidiary Company(ies) who fulfils the Eligibility Criteria.
- o. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Compensation Committee for granting the Employee Stock Options to the Employees and in compliance with the SEBI Regulations.
- p. **"Employee"** means -

- (i) Present and future permanent employee or officer 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 any of its of the existing and future subsidiaries company, working in India or outside India, but does not include—
 - a. an employee, officer or director who is a promoter or a person belonging to the promoter group; or
 - b. a director who, either himself/herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding Equity Shares of the Company.
 - c. An independent director within the meaning of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- q. **"Equity Shares"** means fully paid-up Equity Shares of the Company having a face value of INR 5/- per share.
- r. **"Exercise"** means making of an application by the Option Grantee for the issue of Equity Shares against Option vested in him in pursuance of the ESOP Scheme and paying the Exercise Price for the Options.
- s. **"Exercise Period"** means the time period after Vesting within which an Option Grantee should Exercise his/her right to apply for Equity Shares vested in him/her in pursuance of the ESOP Scheme. This is period which is any time after the Vesting Date and within 5 (five) years from the date of vesting of such Options. In the event of resignation (Good Leaver), Vested Options may be exercised within 60 days from the last working day of the Option Grantee.
- t. **"Exercise Price"** means, the price, if any, payable by the Option Grantee for the Options granted to him/her under this ESOP Scheme as may be decided by the Board or Compensation Committee as is allowed under the Companies Act, 2013 and SEBI Regulations, from time to time, which in any case will not be lower than 85% of the Market Price of Equity Shares as of the trading day immediately preceding the Grant Date and shall not be more than the Market Price of an equity share of the Company at the time of grant and shall in no event be lower than the face value of the Equity Shares, and as may be specified in the Grant Letter to the Option Grantee.
- u. **"Fair Market Value"** of Option means the price (required for valuation/accounting purposes under Applicable Law/Ind AS 102) as determined by SEBI registered Category-I Merchant Banker or a Registered Valuer as per Companies Act, 2013, appointed by the Compensation Committee.
- v. **"Good Leaver"** means an Employee whose employment ceases for any reason other than as a Bad Leaver. For clarity, cessation on account of resignation shall be treated as a Good Leaver, unless the Employee is determined to be a Bad Leaver in accordance with this ESOP Scheme.
- w. **"Grant"** means the process by which the Company issues Options under this ESOP Scheme.
- x. **"Grant Date"** means the date on which the Options are granted to the Eligible Employees by the Board/Compensation Committee under the ESOP Scheme.

- y. **"Grant Letter"** means the letter issued by the Company to the Eligible Employees offering the Options under this ESOP Scheme.
- z. **"Letter of Acceptance"** shall mean the form that the Option Grantee has to submit indicating his/her acceptance of the offer made to him/her to participate in the ESOP Scheme.
- aa. **"Long Leave"** means leave taken by an Employee for a continuous period of more than 30 (thirty) days, only on medical grounds, and duly supported by medical documentation and approved by the Company.
- bb. **"Market"** means the market for dealing in Equity Shares on the Recognized Stock Exchange(s) on which the Equity Shares of the Company are listed.
- cc. **"Market Price"** means the latest available closing price on a Recognised Stock Exchange on which the shares of the company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one Recognised Stock Exchange, then the closing price on the Recognised Stock Exchange having higher trading volume shall be considered as the Market Price;
- dd. **"Misconduct"** means any of the following acts or omissions by an Employee, being material in nature and determined in accordance with Applicable Law and the Company's policies (including providing the Employee a reasonable opportunity to be heard, wherever required):
 - (i) committing of any act of misconduct warranting disciplinary action (including termination) under Applicable Law or the Company's policies; or
 - (ii) conduct amounting to a serious breach of the obligation of trust and confidence owed to the Company, based on documented findings and in accordance with Applicable Law/Company policy; or
 - (iii) material or repeated breach of the terms of employment and/or Company Policies / Terms of Employment, including wilful neglect of or refusal to carry out duties or to comply with lawful and reasonable instructions; or
 - (iv) being convicted of any criminal offence (other than an offence under any road traffic legislation for which a penalty of imprisonment cannot be imposed) or being disqualified from holding office in the Company (or any other company) under Applicable Law, or being disqualified/disbarred or subjected to serious disciplinary sanction by any regulatory body, which materially impairs the Employee's ability to perform duties or materially harms the Company's reputation; or
 - (v) having acted in a manner which materially brings the Company or any group entity into disrepute or causes material and demonstrable prejudice to the Company, based on documented findings; or
 - (vi) material breach of any Company Policies / Terms of Employment; or
 - (vii) any other act or omission that constitutes misconduct under Applicable Law or the Company's policies and results in material and demonstrable prejudice to the Company, as determined by the Compensation Committee acting reasonably and in good faith, based on documented findings.
- ee. **"Nominee"** means a person or persons who is/are nominated by an Option Grantee to Exercise the Options in the circumstances as specified in the ESOP Scheme. The right of the Nominee to

exercise Options arises only upon the death of the Option Grantee, in accordance with Clause 19(a).

- ff. **"Non-Resident Employee"** shall mean any Employee who shall be classified as a Person Resident Outside India as per Foreign Exchange Management Act, 1999 and Regulations thereunder.
- gg. **"Option" or "Employee Stock Option" or "ESOP"** means the option given to an Eligible Employee which gives the right to purchase or subscribe at a future date, the Equity Shares offered by the Company, directly or indirectly, at a pre-determined price.
- hh. **"Option Grantee"** means an Employee having a right but not an obligation to Exercise an Option pursuant to this ESOP Scheme.
- ii. **"Permanent Disability" or "Permanent Incapacity" or "Permanent Disablement"** means any disability of whatsoever nature be physical, mental or otherwise which incapacitates or prevents an Option Grantee from performing any specific job, work or task which the Option Grantee was capable of performing immediately before such disablement as determined by the Compensation Committee based on a certificate of a medical expert identified by the Company.
- jj. **"Plan"** shall mean the "*Studds ESOP Scheme 2026*" and shall include any alterations, amendments, additions, deletions, modifications, or variations made thereof from time to time.
- kk. **"Promoter"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.
- ll. **"Promoter Group"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time.
- mm. **"Recognized Stock Exchange"** means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956).
- nn. **"Relevant Date"** means (i) in case of Grant, the Grant Date; or (ii) in the case of Exercise, the date on which the notice of exercise is given to the Company by the Option Grantee.
- oo. **"Scheme"** means a scheme of a company proposing to provide share based benefits to its Employees, which may be implemented and administered directly by the Company in accordance with these regulations. It means this Studds ESOP Scheme 2026, together with any alterations, amendments, additions, deletions, modifications or variations made thereto from time to time.
- pp. **"SEBI Regulations" or "SEBI SBEB Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time, read with all circulars and notifications issued thereunder.
- qq. **"SEBI PIT Regulations"** means the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, and includes the Company's code of conduct framed thereunder (including the trading window and pre-clearance framework) as applicable to the Option Grantee.
- rr. **"Secretarial Auditor"** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- ss. **"Securities"** means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- tt. **"Shares"** mean Equity Shares of the Company.
- uu. **"Shareholder"** means the shareholder(s) of the Company.
- vv. **"Subsidiary"** means a subsidiary of the Company, whether existing or future as defined under sub-section (87) of section 2 of the Companies Act, 2013.
- ww. **"Unvested Option"** shall mean an Option in respect of which the relevant conditions for Options to qualify as Vested Options have not been satisfied and which the Option Grantee is not currently eligible to Exercise.
- xx. **"Vested Option"** shall mean an Option in respect of which, the relevant Vesting conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option;
- yy. **"Vesting"** means the process by which the Option Grantee becomes entitled to receive the benefit of a Grant made to him/her under the ESOP Scheme.
- zz. **"Vesting Date"** shall mean the respective dates on and from which the Option Vests with the Option Grantee and thereby becomes exercisable in pursuance of this ESOP Scheme.
- aaa. **"Vesting Period"** means the period during which the Vesting of Option or a benefit granted under the ESOP Scheme takes place.
- bbb. **"Vesting Condition"** means any condition subject to which the options granted would vest in an Option Grantee.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the SEBI Regulations, or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 2013 or Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or any statutory modification or re-enactment thereof, as the case may be.

5. INTERPRETATION

Except where the context otherwise requires, this ESOP Scheme will be interpreted as follows:

- a. The headings are only for convenience and shall not affect the interpretation.
- b. Words importing singular shall include plural and vice versa.
- c. Where a word or phrase is defined, other parts of speech, grammatical forms and cognate variations of that word or phrase shall have corresponding meanings.
- d. Reference to articles, clauses, schedules, and annexures are reference to articles, clauses, schedules and annexures of this ESOP Scheme, unless specifically mentioned otherwise.
- e. Words denoting one gender include other genders.
- f. Any reference made in this ESOP Scheme to a statutory provision includes that provision and any regulation made in pursuance thereof, as from time to time modified or re-enacted, whether before or after the date of this ESOP Scheme.

6. QUANTUM OF SHARES SUBJECT TO THE ESOP SCHEME

- a. The maximum number of the Shares which shall be subject to Option under the ESOP Scheme are as under:

Face value per Share	INR 5/-
The maximum number of Options proposed to be granted under this ESOP Scheme (representing 0.75% of the paid-up equity share capital of the Company on a post-ESOP fully diluted basis)	2,97,381

- b. Provided however that in case of any Corporate Action(s) such as rights issue, bonus issue, merger, sale of division, restructuring and others (including buy back of Shares, split, consolidation of Shares etc.), the ceiling of aforesaid Shares shall be deemed to be increased/decreased, as may be determined by the Compensation Committee pursuant to Clause 24 (Corporate Action) of the ESOP Scheme, to facilitate making a fair and reasonable adjustment to the entitlements of Participants under the ESOP Scheme.
- c. Notwithstanding the foregoing, Shares with respect to which an Option is granted under this ESOP Scheme that remain unaccepted, or unexercised at the time of expiration, or are not entitled for Vesting or forfeited or lapsed or cancelled shall be added back to the number of Options that are pending to be granted. The Company through the Compensation Committee may, at their discretion, Grant such Options within the overall limit determined under the ESOP Scheme.
- d. Where Shares are issued consequent upon Exercise of an Option under ESOP Scheme, the maximum number of Shares which are subject to Option referred to in Clause 6(a) above stands reduced to the extent of such Shares issued.

7. ADMINISTRATION OF THE ESOP SCHEME

- 7.1. The ESOP Scheme shall be implemented through direct route wherein the Company shall issue and allot the required number of Shares of the Company to the Eligible Employees, upon Exercise of the Option, by way of primary allotment of Shares.
- 7.2. Notwithstanding anything stated herein, but subject to the terms of the special resolution passed by the Shareholders at the Annual General Meeting of the Company approving the issue of Shares to Employees of specific categories under an Employee Stock Option Scheme, the Compensation Committee, in its discretion (acting in good faith and in accordance with Applicable Law) has been authorized to determine all the terms governing the ESOP Scheme including the provisions specified in Part B of Schedule – I of the SEBI Regulations, any variation thereof and including, but not limited to:
 - a. determining the Employees amongst the categories of Employees to whom the Options are to be granted;
 - b. the time when the Options are to be granted;
 - c. the quantum of Options to be granted per Eligible Employee and in aggregate under the ESOP Scheme at various points in time;
 - d. the number of tranches in which the Options are to be granted;
 - e. the criteria for determining the number of Options to be granted to Employees;
 - f. the number of Options to be apportioned / allocated for various grades of Employees;
 - g. the number of Options to be granted to each Employee;
 - h. approve the Exercise Price and the valuation methodology of Options under the ESOP Scheme;
 - i. the terms and conditions subject to which the Options granted would vest in the Employee;
 - j. the date of Vesting of the Options granted;
 - k. the terms and conditions subject to which the Options vested would be Exercised by the Employee;

- l. the date within which the Options have to be Exercised by the Employee;
- m. determine the Grant and Exercise of Grants in case of Employees who are on Long Leave;
- n. The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of Corporate Actions such as rights issue, bonus issues, merger, sale of division, restructuring and others (including buy back of shares, split, consolidation of shares etc.). In this regard, the following shall, inter alia, be taken into consideration by the Compensation Committee:
 - (i) The number and price of Options shall be adjusted in a manner such that total value to the Option Grantee of the Options remains the same after the Corporate Actions;
 - (ii) The Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employee(s) who is granted such Options.
- o. determine the conditions under which Grants made to the Option Grantee may lapse in case of termination for misconduct;
- p. maintain the Employee Stock Option Register in such manner and format as may be specified as per the Companies Act, 2013 and related rules;
- q. frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including SEBI Regulations, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, SEBI PIT Regulations and SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, and guidelines issued under the Income-tax Act, 2025 (if applicable);
- r. with the approval of the Board and Shareholders, as applicable, take all such actions and amendments to this ESOP Scheme as may be necessary to comply with Applicable Law, including FEMA, as and when applicable;
- s. assign weightage to Company's performance, level/grade of Employee and such other criteria, for determining the grant of Options including the quantum thereof;
- t. prescribe different sets of criteria for each tranche/category/Eligible Employee, including performance benchmark and tenure of service, etc.;
- u. provide the Board with such reports and disclosures as may be required under the Board's report/annual report disclosures;
- v. reserve Options, if any, for granting to new Employees who would join the services of the Company;
- w. decide the treatment of Unvested Options upon termination of employment or upon a Director ceasing to hold office or of Options that have lapsed due to non-Exercise by any Employee(s);
- x. decide the conditions under which option may lapse in case of termination of employment or misconduct;
- y. determine the procedure and the terms and conditions for buy-back of Options granted under the ESOP Scheme, if any such buy-back is to be undertaken by the Company at any time, in accordance with Applicable Laws;
- z. obtain permissions from and make periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the ESOP Scheme;
- aa. frame appropriate procedures for granting, vesting and exercising of Options;
- bb. approve forms, writings and/or agreements for use in pursuance of the ESOP Scheme; and
- cc. establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the ESOP Scheme.

8. POWERS OF THE COMPENSATION COMMITTEE

Subject to the provisions of the ESOP Scheme and subject to the approval of any relevant authorities, the Compensation Committee shall have the authority at its sole discretion to:

- a. formulate detailed terms and conditions of the ESOP Scheme, administer and supervise the same.
- b. meet as required for the purpose of administering the ESOP Scheme.
- c. review the ESOP Scheme annually, or at other intervals as deemed necessary and recommend appropriate modifications in the terms and conditions of the ESOP Scheme, if any, to the Board. Changes would be recommended in cases such as:
 - (i) the current ESOP Scheme does not fulfill the objectives set out for the ESOP Scheme;
 - (ii) there are changes in legislation which need to be incorporated in the ESOP Scheme or such modifications as are necessary or desirable to facilitate effective implementation or improvement of the ESOP Scheme; or
 - (iii) such modifications are for welfare of the Employees.

No member of the Compensation Committee shall be liable for any decision or action made in good faith with respect to the ESOP Scheme of the Company.

The Board is hereby empowered to constitute the Compensation Committee for the administration of the ESOP Scheme.

9. EFFECT OF THE COMPENSATION COMMITTEE'S DECISIONS

The acts of majority of the members of the Compensation Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Compensation Committee shall be the acts of the Compensation Committee for the purpose of the ESOP Scheme. Any decision of the Board / Compensation Committee in the interpretation and administration of this ESOP Scheme, shall lie within its sole discretion, exercised in good faith and in accordance with Applicable Law, and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Employee, Option Grantee, Nominee and their beneficiaries and successors). The Company (including the Compensation Committee) shall not be liable for any action or determination made in good faith with respect to this ESOP Scheme or any Option granted thereunder.

10. ELIGIBILITY FOR GRANT OF OPTIONS

- a. Only Eligible Employees of the Company and of its existing or future Subsidiary Company(ies) are eligible for being granted Options.
- b. Each Option shall be designated in the Grant Letter or such other relevant document as deemed fit.
- c. Neither the ESOP Scheme nor any Option shall confer upon any Option Grantee any right with respect to continuing the Option Grantee's relationship as an Employee of the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, for any reason whatsoever.
- d. The eligibility to participate in this ESOP Scheme would further be subject to such criteria as may be decided by the Compensation Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality, merit of the Employee, future potential contribution of the Employee or any other criteria, as the Compensation Committee determines.
- e. Based on the eligibility criteria as described in Clause 10(d) of this ESOP Scheme, the Compensation Committee at its sole discretion will decide the Employees eligible for Grant of Options under this ESOP Scheme and accordingly, the Company acting through the

Compensation Committee would Grant the Options to the identified Employees under the ESOP Scheme.

11. RIGHTS OF AN OPTION GRANTEE

Unless and until the Options have been Exercised and Shares are allotted to the Option Grantee in accordance with the provisions of Applicable Law, the Option Grantee or his/her Nominee shall not have any rights whatsoever as a Shareholder.

12. MAXIMUM QUANTUM OF OPTIONS PER OPTION GRANTEE

The maximum number of Options proposed to be granted under this ESOP Scheme shall not exceed 2,97,381 Options, representing 0.75% of the total paid-up equity share capital of the Company on a post-ESOP (fully diluted) basis (including such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time), in aggregate. The number of Options to be granted, or the maximum number of Options that may be granted, to an Eligible Employee shall be determined by the Compensation Committee on a case-to-case basis, based on criteria such as designation, longevity of service, performance of the Employee, performance of the Company, or any other criteria as decided by the Compensation Committee from time to time, provided that the grant to any Eligible Employee shall at all times be within the aforesaid aggregate limit. Any grant(s) in excess of such limit or any thresholds prescribed under the SEBI SBEB Regulations shall be made only after obtaining the requisite shareholder approval(s), as applicable.

The maximum quantum of benefits that will be provided to every Eligible Employee under this ESOP Scheme will be the difference between the Exercise Price and the Fair Market Value of the Shares on the Recognized Stock Exchange as on the Exercise Date.

13. GRANT PROCEDURE

- a. The Company through the Compensation Committee may offer the Options to an Option Grantee in accordance with the terms and conditions provided under this ESOP Scheme for the time being in force. The Compensation Committee will decide the number of Options to be granted to each Eligible Employee. Such Options shall be subject to all applicable terms and conditions stipulated herein.
- b. The Grant of the Options by the Company through the Compensation Committee to the Option Grantee shall be made in writing or through any other electronic medium identified by the Company and communicated to the Option Grantee by a Grant Letter. The Letter of Grant shall specify the Grant date, number of Options, the Vesting Period, schedule of Vesting, conditions for Vesting, the Exercise Price, Exercise Period and any other terms and conditions that the Compensation Committee may deem necessary.
- c. For a listed Company, the Grant of any Options under this ESOP Scheme shall be subject to obtaining in-principle approval from the recognized stock exchange(s) on which the Equity Shares of the Company are listed, prior to the Grant, in accordance with the SEBI SBEB Regulations and applicable stock exchange requirements. The Company shall appoint a registered merchant banker for the implementation of this Scheme till the stage of obtaining in-principle approval from the recognized stock exchange(s), in accordance with Regulation 12(6) of the SEBI SBEB Regulations.
- d. The Option Grantee shall, along with the Grant Letter, be furnished with all the disclosures prescribed by the SEBI Regulations.
- e. The Eligible Employees will be required to submit a signed copy of or electronically sign the Letter of Acceptance to acknowledge acceptance of the terms and conditions of this ESOP Scheme within the period prescribed in the Grant Letter or such extended time as the Compensation Committee may determine in its sole discretion.

- f. The Employee shall sign and send the acceptance of the Grant in the specified format within 30 days of receipt of the Grant Letter.
- g. Subject to the conditions stipulated herein, each Option issued to an Option Grantee would be eligible for allotment into 1 (one) Share by payment of the Exercise Price.
- h. Subject to the overall limit prescribed in Clause 6 of this ESOP Scheme, the Options may be granted in one or more tranches.
- i. The Grant of Options under the ESOP Scheme does not guarantee any entitlement to any future grant of Options under the ESOP Scheme.
- j. The Grant of Options is of an occasional and extraordinary nature and constitutes a gratuitous and discretionary act by the Company. Consequently, no benefit derived from the Options granted under the ESOP Scheme forms or shall form a part of any Option Grantee's normal, habitual or expected remuneration.
- k. The Options which get lapsed due to the performance criteria in any of the vesting, shall lapse irrevocably and the rights there under shall get extinguished.
- l. An offer made under this Clause is personal to the Option Grantee and cannot be transferred in any manner whatsoever.
- m. Upon receipt of a duly completed Letter of Acceptance from the Option Grantee in respect of the Grant and subject to the terms contained herein, the same shall conclude a contract between the Option Grantee and the Company.
- n. The Options granted to the Eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

14. VESTING CONDITIONS OF OPTIONS

- a. The minimum Vesting Period of an Option shall not be less than a period of 1 (one) year from the Date of Grant of such Option and not later than maximum period of 5 (five) years from the Date of Grant of such Option or such other period as may be provided in the Companies Act, 2013 and Applicable Laws, subject to relaxation in the event of death or Permanent Disability/Incapacity of the Option Grantee in accordance with the SEBI SBEB Regulations.

Vesting of Options may be (i) time-based and/or (ii) linked to achievement of Company-level / Employee level performance conditions, as specified in the Grant Letter. Performance conditions may include, without limitation, achievement of thresholds/targets relating to Sales and/or Profit After Tax (PAT) for such measurement period and in such manner as may be approved by the Compensation Committee and specified in the Grant Letter.
- b. Provided further that in the event of death or Permanent Incapacity of an Option Grantee, the minimum Vesting Period of 12 months shall not be applicable and in such instances, the Options shall vest in terms of SEBI Regulations, on the date of the death or Permanent Disability/Incapacity . All the Unvested Options shall vest immediately, in terms of SEBI Regulations, on the date of the death or Permanent Disability/Incapacity.
- c. Vesting of Option would be subject to continued employment with Company or its Subsidiary Company(ies), as the case may be.
- d. The Vesting schedule and specific Vesting Conditions, subject to which vesting would take place, would be outlined in the Letter of Grant given to the Option Grantee at the time of grant of Options. Further, the vesting of Options can vary from grantee to grantee as per the Grant Letter and objective criteria (including time-based and/or performance-based conditions) approved by the Compensation Committee. The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the ESOP Scheme.
- e. Further, in case the Option Grantee is entitled to any fractional shares upon Vesting, such Options to be vested would be rounded off to the nearest whole integer.

- f. Period of Long Leave (as defined in this ESOP Scheme) shall not be included in determining the vesting period, unless otherwise approved by the Compensation Committee and specified in the Grant Letter. In all other events including approved earned leave and sick leave (other than Long Leave), the period of leave shall be included to calculate the vesting period unless otherwise determined by the Compensation Committee.
- g. Notwithstanding anything stipulated as part of the ESOP Scheme, Options which are not vested shall automatically lapse after the vesting date and the contract referred to in Clause 13(m) above shall automatically be terminated without any obligations whatsoever on the Company (including the Board or Compensation Committee) and no rights in that regard will accrue to the Option Grantee after such date. Such Unvested Options shall revert to the ESOP Scheme and may be granted at the discretion of the Board or Compensation Committee to any other Eligible Employee.
- h. Subject to Applicable Laws, and unless the Board and/or Compensation Committee decides otherwise, no Options shall vest in an Option Grantee during any period in which such Option Grantee (i) while being in employment with the Company/Group, engages in any business or employment that creates a conflict of interest with the Company's business or materially breaches the Company Policies / Terms of Employment (including confidentiality and conflict of interest obligations); or (ii) materially breaches the confidentiality and intellectual property obligations owed to the Company. For clarity, nothing in this Clause shall be construed to create or expand any post-employment non-compete restriction beyond what is enforceable under Applicable Law; however, the Company may take action under this ESOP Scheme for material breach of confidentiality/Intellectual Property and/or non-solicitation obligations, to the extent such obligations are applicable and enforceable. The Compensation Committee shall determine applicability of this Clause acting reasonably and in good faith, based on documented findings and in accordance with Applicable Laws.
- i. Where a formal investigation or disciplinary proceeding has been initiated by the Company (or any competent authority) against an Option Grantee in relation to alleged material misconduct / Cause, the Compensation Committee may, acting reasonably and in good faith, place the Option Grantee's unvested Options and any pending exercise/allotment on hold during the pendency of such investigation/proceeding. The Compensation Committee shall review such hold at reasonable intervals and, in any case, at least once every 90 (ninety) days. Upon conclusion: (i) if the allegations are not sustained, the hold shall be lifted and vesting/exercise timelines shall continue; and (ii) if the allegations are sustained and result in termination for Cause/Misconduct, treatment of Options shall be as per the relevant cessation provisions of this ESOP Scheme.

15. ACCELERATION OF VESTING IN CERTAIN CASE

Notwithstanding anything contained in the ESOP Scheme, but subject to the minimum Vesting Period being one year from the date of grant, provisions of the Companies Act, 2013 as the case may be, and other Applicable Laws, the Board / Compensation Committee, acting in its absolute discretion with or without the consent or approval of the Option Grantee, as it may deem fit, in case of Unvested Options may Vest all or part of such Options in an accelerated manner on the date decided by the Board/ Compensation Committee at its discretion.

16. CONSIDERATION PAYABLE BY OPTION GRANTEE WHILE EXERCISING OPTION

- a. The consideration payable by an Option Grantee for exercising an Option would be the Exercise Price stated in the Grant Letter.
- b. The Exercise Price shall be decided by the Compensation Committee but shall not be less than 85% of the Market Price of Equity Shares as of the trading day immediately preceding the Grant Date and shall not be more than the Market Price of an Equity Share of the Company at the time of grant and shall be in conformity with the applicable accounting policies/standards, if any. The

Exercise price shall in no event be lower than the face value of the Equity Shares as per the Companies Act, 2013.

- c. The method of payment shall be determined by Compensation Committee at the time of Grant. Such consideration may be paid by way of cheque or cheque equivalent or electronic bank transfers in line with the SEBI SBEB Regulation.
- d. All taxes arising out of Exercise of Options or in relation to this ESOP Scheme in accordance with Applicable Law shall be borne by the Option Grantee only.
- e. Where required for accounting/valuation purposes, the Fair Market Value of the Options shall be determined in accordance with Ind AS 102 (and such other applicable guidance) by an independent third-party valuer/merchant banker as may be appointed by the Compensation Committee, as applicable. Such determination shall be used for the relevant accounting/valuation purposes and shall be final and binding to that extent.

17. METHODOLOGY OF EXERCISE OF OPTIONS

- a. When an Option is eligible to be Exercised and the Option Grantee chooses to Exercise the Option, the Option Grantee shall submit the application in the specified format to the Company Secretary or any other person/officer of the Company, authorised by the Compensation Committee in this regard through e-mail or physical delivery at the registered office of the Company. Upon receipt of the application, the Company Secretary/Authorised Person shall verify the Vesting conditions including satisfactory signatures on all relevant forms and papers, and the Company shall, within 30 days of receiving such request (subject to Applicable Law and necessary regulatory/stock exchange/depository processes) shall issue the eligible Shares to the Option Grantee. The Compensation Committee shall communicate the result of the verification to the Option Grantee either by e-mail or a letter served at the latest address of the Option Grantee registered with the Company. Upon such issuance of Shares, the Options replaced by such Shares shall lapse permanently.
- b. Where the Options are rejected for Vesting conditions which cannot be made good thereafter, such Options shall also lapse permanently provided that the Compensation Committee has communicated the reasons for the rejecting the Exercise of Options in the letter/e-mail as provided in Clause 17(a) above.

- c. **Procedure for Exercise of Options**

An Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Compensation Committee and set forth in the Grant Letter. The Option shall be deemed to be Exercised when the Company receives:

- (i) written or electronic notice or Exercise form (in accordance with the Grant Letter) from the person entitled to Exercise Option; and
- (ii) full payment of the Exercise Price for the Shares with respect to which the Option is Exercised.

Options will become exercisable in part or whole. The unexercised portion of the Option will continue to be available to the Option Grantee or the Nominee, for Exercise, upto such time frame as provided for in this ESOP Scheme or the Grant Letter.

- d. **Exercise Period**

For the purposes of the ESOP Scheme, the Exercise Period for the Vested Options shall be as follows (subject always to the SEBI PIT Regulations, the Company's code of conduct and applicable trading window / pre-clearance requirements):

- (i) Any time after the Vesting Date and within 5 (five) years from the date of vesting of such Options; and

- (ii) In the event of resignation (Good Leaver), Vested Options may be exercised within 60 days from the last working day of the Option Grantee, as per Clause 19 of this ESOP Scheme. Unvested Options shall lapse on the date of cessation.

e. **Insider trading / trading window restrictions**

Notwithstanding anything contained in this ESOP Scheme or any Grant Letter, the Exercise of Options, issuance/allotment of Shares, shall be subject to and carried out in compliance with the SEBI PIT Regulations and the Company's code of conduct framed thereunder and all other Applicable Laws. The Eligible Employee shall undertake not to utilize or disclose any unpublished price sensitive information available and indulge in any trading activities prohibited under SEBI PIT Regulations and the Company's code of conduct. Also, the Option Grantee shall not divulge any details of the ESOP Scheme including Options granted to any person except with the prior permission of the Company obtained in writing.

18. ISSUE OF SHARES

- a. Only the Option Grantee to whom Options have been granted under the ESOP Scheme can Exercise the respective Options and apply for issue of Shares. Except in the case of the death of an Option Grantee where Shares are issued under the legal heir's or the Nominee's name, all the Shares would be issued in Option Grantee's own name only.
- b. The Options issued to the Option Grantee shall always be exercisable into Shares.
- c. Each Option entitles the Option Grantee to apply for and be allotted one Equity Share of the face value of INR 5/- each, as may be sub-divided or consolidated from time to time.
- d. The shares shall be issued in electronic form. The Option Grantee shall provide the necessary information/details (Demat account etc.) to facilitate the issue of Shares.
- e. After the Options are converted into Shares pursuant to Exercise of the Options, the Shares issued to the Option Grantee shall be subject to the terms and conditions as mentioned below:
 - (i) The Shares issued on the Exercise of Options shall rank *pari-passu* with all the existing Equity Shares of the Company.
 - (ii) The Company may, to the extent permitted under Applicable Law, recover or set-off from any amounts payable to the Option Grantee (including salary, incentives and other dues) any amounts payable by the Option Grantee to the Company and/or any statutory authority in connection with the ESOP Scheme, including any tax withholding obligations, and may require such undertakings/authorisations as may be necessary for implementing such recovery/set-off. For clarity, the Company shall not create any lien or encumbrance over the Shares issued pursuant to exercise, except as may arise under Applicable Law.
 - (iii) Where the Option Grantee is or remains, at the time of the issue of Shares pursuant to the ESOP Scheme or at any time before the Options are fully Exercised, a non-resident Employee, the issue will be made according to applicable provisions of the FEMA and the rules made thereunder.

19. TERMINATION OR CESSATION

a. **On death of an Option Grantee**

In case of cessation of employment in the event of death of an Option Grantee while in employment or while serving as a Director, all Unvested Options granted to the Option Grantee shall immediately vest, with effect from his/her death in the legal heirs or Nominees of the deceased Option Grantee, as the case may be, as indicated in the Nomination Form. In case of an Option Grantee who has not nominated any person, the legal heirs of the deceased Option Grantee can exercise the Options within the Exercise Period or any further period as may be granted by the Compensation Committee. The Compensation Committee's determination that such person is

the legal heir shall be final and for this purpose the legal heir has to produce all necessary documents. All the vested Options may be exercised by the Option Grantee's nominee or legal heirs within the Exercise Period in accordance with other terms and conditions of the ESOP Scheme as applicable to the deceased Option Grantee. Vested Options not exercised within such time by the Option Grantee's nominee or legal heirs shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 13(m) of this ESOP Scheme shall stand automatically terminated without any obligations whatsoever on the Company (including the Board or the Compensation Committee) and no rights in that regard will accrue to the Option Grantee's nominee or legal heirs after such date. All such unexercised vested Options that so lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any other Eligible Employee.

b. On Permanent disability/incapacity of Option Grantee

In case of Permanent Disablement of an Option Grantee, while in employment or while serving as a Director, resulting in the cessation of employment or directorship (as the case may be) of such Option Grantee, all Unvested Options shall vest in such Option Grantee immediately on the day of suffering the Permanent Disablement. The Option Grantee may Exercise his or her vested Options within the Exercise Period in accordance with other terms and conditions of the ESOP Scheme. Vested Options that are not exercised within such time by the Option Grantee or by the Option Grantee's nominee within the period specified herein under clause 17(d) of the ESOP Scheme shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 13(m) of this ESOP Scheme shall stand automatically terminated without any obligations whatsoever on the Company (including the Board or the Compensation Committee) and no rights in that regard will accrue to the Option Grantee after such date. All such unexercised Vested Options that so lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any other Eligible Employee.

c. Termination for Cause or Misconduct

If the Option Grantee's employment with the Company is terminated by the Company for **Cause** (as defined in this ESOP Scheme) or Misconduct, then all Unvested Options and all Vested Options that have not been exercised shall lapse immediately on the date of such termination, and the contract referred to in Clause 13(m) of this ESOP Scheme shall stand automatically terminated without any obligations whatsoever on the Company (including the Board or the Compensation Committee) and no rights in that regard will accrue to the Option Grantee after such date. All such Options that so lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Compensation Committee to any Eligible Employee.

d. On Abandonment of employment without Company's consent

In the event an Option Grantee abandons employment or his/her office (i.e. absents himself/herself) for a continuous period of 30 (thirty) days or as specified by the relevant internal policy of the Company, without a valid reason as acceptable to the Compensation Committee, all Unvested Options and Vested Options granted to the Participant, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect and the contract referred to in Clause 13(m) of this ESOP Scheme shall stand automatically terminated without any obligations whatsoever on the Company (including the Board or the Compensation Committee) and no rights in that regard will accrue to the Option Grantee after such date. The date of abandonment shall be determined based on attendance/HR records and in accordance with the Company's policies and Applicable Law (including due process/notice, where required), and the decision of the Compensation Committee in this regard shall be final. All such unexercised Vested Options that so lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Compensation Committee to any other Eligible Employee.

e. On Resignation

Other than in the case of retirement under a voluntary retirement ESOP Scheme of the Company, if any, or retirement on attaining the superannuation age or onwards, which have been dealt with separately, if the Option Grantee voluntarily resigns from his/her employment or directorship, as the case may be, then:

(i) Good Leaver

Unvested Options shall immediately and automatically lapse on the date of resignation from employment/directorship and the contract referred to in Clause 13(m) of this ESOP Scheme shall stand automatically terminated without any obligations whatsoever on the Company, the Compensation Committee and no rights in that regard will accrue to the Option Grantee after such date. All such Options that so lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Compensation Committee to any other Eligible Employee. For clarity, in case of termination of employment (other than resignation, and other than the specific cases dealt with separately under this Clause 19), all Unvested Options shall lapse immediately and irrevocably, unless otherwise required under Applicable Law.

All Vested Options which have not been Exercised by such Option Grantee on the date of resignation can be exercised immediately after resignation but in no event, later than 60 days from the last working day of the Option Grantee. Vested Options that are not exercised within the aforementioned period shall lapse upon the expiry of the period specified herein. Any Vested Options not exercised within such time by the Participant within the period specified herein shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 13(m) of this ESOP Scheme shall stand automatically terminated without any obligations whatsoever on the Company (including the Board or the Compensation Committee) and no rights in that regard will accrue to the Option Grantee after such date; and all such Vested Options that lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Compensation Committee to any Eligible Employee.

(ii) Bad Leaver

In case the Participant is a Bad Leaver (including where employment is terminated for Cause/Misconduct/abandonment, or where the Participant triggers the post-cessation Competitor/non-solicit related Bad Leaver event specified in the definition of Bad Leaver), all Options (whether vested or unvested) that have not been exercised as on the relevant date shall lapse immediately and irrevocably, unless otherwise required under Applicable Law. All such Options that so lapse shall revert to the ESOP Scheme pool and may be granted at the discretion of the Compensation Committee to any Eligible Employee.

f. On retirement or superannuation

If the Participant retires under a voluntary retirement scheme of the Company, if any, or retires on attaining the superannuation age, all unvested Options on the retirement date, shall lapse.

g. Deputation/Transfer to an unlisted Holding/unlisted Subsidiary/Associate Company

Where a Participant is deputed or transferred to an unlisted Holding company or an unlisted Subsidiary company or an Associate company of the Company following the Grant of Options but prior to Vesting or Exercise, the Vesting or Exercise shall continue even after such deputation or transfer in accordance with this ESOP Scheme.

h. Surrender

Employee may surrender his/her vested/unvested options at any time during/post his/her employment with the Company. Any Employee willing to surrender his/her Options shall communicate the same to the Board or the Compensation Committee in writing. In such case, the Company would not be liable to pay any compensation to the Option Grantee on account of his/her surrender of Options. The Options so surrendered will be added back to the pool of the

ESOP Scheme at the discretion of the committee and pursuant to this the Option Grantee shall cease to have all rights and obligations over such Options.

20. NON-TRANSFERABILITY OF OPTIONS

No person other than the Option Grantee (including its Nominee) shall be entitled to the benefit arising out of such Options. The Options granted under this ESOP Scheme are not eligible to be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by succession and except upon death or permanent disability of the Eligible Employee (in which case the Options will be exercisable by the nominee, as selected by the Eligible Employee). Further, the Options granted under this ESOP Scheme may be Exercised, during the lifetime of the Option Grantee, only by the Option Grantee as per the provisions of this scheme and grant letter. Any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted under ESOP Scheme shall be void and unenforceable against the Company.

21. NOMINEE DESIGNATION

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

22. LISTING OF SHARES

Subject to the provisions of Applicable Laws and approval of the stock exchanges (including obtaining in-principle approval), the new Shares issued and allotted to the Employees in pursuance of Exercise of Options granted under this ESOP Scheme, shall be listed on the Recognized Stock Exchanges on which the Equity Shares of the Company are listed from time to time.

23. TAXABILITY

- a. The Company shall have the right to deduct/recover all taxes payable by the Option Grantee, in connection with all Grants/Options/Shares under this ESOP Scheme, by way of deduction at source from salary or any payments necessary to be made by the Option Grantee to the Company to satisfy such obligations.
- b. No Shares shall be issued to the Option Grantee or beneficiary, on Exercise of the Options under this ESOP Scheme unless appropriate taxes as required under the applicable tax laws, are discharged unless Option Grantee authorizes the Company or its Nominee to sell such number of Shares as per subclause (d) below. Such taxes may either be deducted from the Option Grantee's salary and/or can be separately discharged by the Option Grantee by giving a cheque/demand draft/electronic bank transfer to the Company for the said amount.
- c. The Company shall have no obligation to deliver Shares or to release Shares until the Company's tax deducting obligations, if any, have been satisfied by the Option Grantee.
- d. The Option Grantee shall authorize 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 Option Grantee.
- e. All tax liabilities arising on disposal of the Shares after Exercise would be handled by the Option Grantee.

24. CORPORATE ACTIONS

Where the Options have not been vested in the case of any Option Grantee, or where the Options have been vested but have not been exercised by the Option Grantee, if any changes be made to the equity

share capital of the Company by reason of any corporate action like consolidation, sub- division, or conversion of shares into stock or by capitalization by bonus issue or rights issue or in any other manner, appropriate adjustments to the extent permissible under the law for the time being in force shall be made either to the number or the exercise price of options granted or both, to reflect such change without in any way affecting the rights of the said option holders, or diluting or enlarging the benefits provided under the ESOP Scheme.

- a. **Capitalization by way of issue of bonus shares:** Subject to any required action by the Shareholders of the Company, all the Options, unvested and those which are vested but were not Exercised, as well as the price per share covered by each such outstanding Option, shall be proportionately adjusted for any increase in the number of issued shares resulting from issue of bonus shares without receipt of consideration by the Company for such adjusted number of options.
- b. **Issue of rights shares:** Subject to any action required by the Shareholders of the Company, all the Options, unvested and those which are vested but were not Exercised and the price per share covered by each such outstanding Option, shall be proportionately adjusted for any increase in the number of issued shares resulting from issue of rights shares.
- c. **Restructurings:** In the event of a merger of the Company with or into another company, sale of substantially all of the Assets/undertaking of the Company, consolidation, subdivision or share conversions, all the Options, unvested and those which are vested but were not Exercised, and the price per share covered by each such outstanding Option shall be proportionately adjusted to give effect to restructuring. In the event an Employee who has been granted benefits under this ESOP Scheme, is transferred pursuant to a Scheme of Arrangement or continues in the existing company, prior to the Vesting or Exercise, the treatment of options in such case is required to be specified in such Scheme of Arrangement and such treatment shall not be prejudicial to the interest of the Employee.
- d. **Dissolution or liquidation of the Company:** In the event of dissolution or liquidation of the Company, the Compensation Committee, subject to approval of the Board, may, subject to the minimum Vesting Period prescribed under the SEBI SBEB Regulations, provide for an Option Grantee to have the right to Exercise the Option (whether vested or not) until 15 days prior to such transaction .

For any event not provided above, clause (g) of Part B of Schedule - I read with Regulation 5(3) of the SEBI SBEB Regulations shall be followed for making a fair and reasonable adjustment to the entitlement of the Option Grantees, including the number of Options and the Exercise Price.

25. TIME OF GRANTING OPTIONS

The "**Date of Grant**" of an Option shall be the date of granting of Options by the Compensation Committee to the Eligible Employees/Option Grantee or as may be specified in the "Grant Letter".

26. AMENDMENT AND TERMINATION OF THE ESOP SCHEME

- a. **Amendment and Termination:** The Board may, subject to Shareholders approval as per Companies Act, 2013 and Regulation 7 of the SEBI SBEB Regulations, at any time amend, suspend or terminate the ESOP Scheme provided that such variation is not prejudicial to the interest of the Option Grantee.
- b. **Effect of Amendment or Termination:** No amendment, alteration, suspension or termination of the ESOP Scheme shall impair the rights of any Option Grantee.

27. CONDITIONS UPON ISSUANCE OF SHARES

- a. **Legal Compliance:** Shares shall not be issued pursuant to the Exercise of an Option unless the Exercise of such Option and the issuance and delivery of such Shares shall comply with Applicable Laws.
- b. **Inability to obtain authority:** The inability of the Company to obtain relevant approval from any regulatory body having jurisdiction under Applicable Laws, which is necessary for the lawful issuance of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue such Shares as to which such requisite approval shall not have been obtained.
- c. **Insider trading compliance:** The Option Grantee acknowledges that any dealing in the Shares (including any sale of Shares received on exercise) shall be subject to the SEBI PIT Regulations and the Company's code of conduct, including restrictions relating to UPSI, trading window closures, pre-clearance (where applicable), contra-trade restrictions and reporting/disclosure obligations applicable to designated persons and their immediate relatives. The Company may require such declarations, undertakings and information as may be necessary to ensure compliance with the foregoing.
- d. **Confidentiality:** An Option Grantee must keep the details of the ESOP Scheme/Plan and all other documents in connection thereto confidential and must not disclose the same except (i) to the extent required by Applicable Law; (ii) to the Option Grantee's legal, tax or financial advisors on a need-to-know basis; or (iii) with the prior written consent of the Company. In case an Option Grantee is found to be in material breach of this confidentiality obligation, the Company/Compensation Committee may, after providing the Option Grantee a reasonable opportunity to be heard (where applicable), take such action as it may deem appropriate in accordance with Applicable Law and the terms of the Grant Letter, including issuance of warnings, suspension of further grants, and/or cancellation of unvested Options (to the extent permitted). The decision of the Compensation Committee shall be final and binding, subject to Applicable Law.

On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the ESOP Scheme or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

28. RESERVATION OF SHARES

The Company shall always reserve and keep available such number of Shares as part of its authorized share capital as shall be sufficient to satisfy the requirements of the ESOP Scheme.

29. GENERAL RISKS

Participation in this ESOP Scheme shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the Market Price of the Shares and the risks associated with the investments is that of the Option Grantee alone.

30. RESTRICTIONS ON THE RIGHTS OF OPTION GRANTEES

The Option Grantees are not entitled to any rights which the Shareholders enjoy including voting rights and rights in the Company as to dividend prior to conversion of Options into Shares and post conversion such Equity Shares shall rank pari passu in all respects with the then existing Equity Shares of the Company.

31. LOCK-IN OF SHARES

After the Options are converted into Equity Shares, the Shares shall be freely transferable and will not be subject to any lock in period restriction, except as required under the Applicable Laws including but not limited to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, or the Company's code of conduct / policies framed under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.

32. CERTIFICATE FROM THE SECRETARIAL AUDITORS AND DISCLOSURES

The Board shall, at each annual general meeting, place before the shareholders a certificate from the Secretarial Auditors of the Company that the ESOP Scheme has been implemented in accordance with the SEBI SBEB Regulations and in accordance with the resolution of the Company in the general meeting in which the ESOP Scheme is approved. The Board shall also make the requisite disclosures of the ESOP Scheme in the manner specified under the SEBI SBEB Regulations and other Applicable Law.

Without prejudice to the foregoing, the Company shall make all disclosures and filings in relation to the ESOP Scheme, grants and allotments as prescribed under **Schedule I** of the SEBI SBEB Regulations (including, as applicable, disclosures to stock exchange(s) for in-principle approval, disclosures upon grant/allotment/exercise, and the annual disclosures in the annual report), and shall maintain records/registers as required under Applicable Laws.

The Company shall comply with the requirements of IND – AS 102 and shall Fair Market Value of Options would be calculated as per the prescribed method under the Applicable Laws.

33. DISCLOSURE AND ACCOUNTING POLICIES

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

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

The Company shall, to the extent required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**SEBI LODR Regulations**"), (i) disseminate the ESOP Scheme/documentation on the Company's website (including under Regulation 46) and (ii) make necessary intimations/disclosures to the stock exchange(s) (including under Regulation 30 and other applicable provisions) in relation to approval/amendment of the ESOP Scheme, grants and allotments, as applicable.

34. FOREIGN EXCHANGE LAWS

In case any Options are granted to any Eligible Employee, being person resident outside India, the provisions of the Foreign Exchange Management Act, 1999 and the rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vesting and Exercise of Options thereof.

35. GOVERNMENT REGULATIONS

This ESOP Scheme shall be subject to all Applicable Laws, rules, regulations, notifications, any re-enactments thereof and to such approvals by any governmental authorities as may be required. The Option Grantee / Nominee / legal heirs under this ESOP Scheme will, if requested by the Compensation Committee / Company, provide such assurances and representations to the Company or the Compensation Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

36. DISPUTE RESOLUTION

In the event of a dispute arising out of or in relation to the provisions of this ESOP Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 (thirty) days, gives 10 (ten) days' notice thereof to the other party in writing.

In case of such failure, either party may refer the dispute to an arbitrator appointed by both the parties and failing such agreement, to 3 (three) arbitrators, 1 (one) to be appointed by each party and the presiding arbitrator to be jointly appointed by the party chosen arbitrators. The arbitration proceeding shall be held in Haryana and in English language under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The award shall be a reasoned award in writing. The arbitrator(s) shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Faridabad, Haryana.

37. NOTICES AND CORRESPONDENCE

- a. Any notice required to be given by an Option Grantee to the Company or any correspondence to be made between an Option Grantee and the Company may be given or made to the Company at the registered office of the Company as may be notified by the Company in writing or at secretarial@studds.com.
- b. Any notice required to be given by the Company to an Option Grantee or any correspondence to be made between the Company and an Option Grantee shall be given or made by the Company or the Compensation Committee on behalf of the Company at the address (including the email ID of the Option Grantee) provided by the Option Grantee in his/her Letter of Acceptance.

38. INDEMNIFICATION

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

39. MODIFICATION OF THE ESOP SCHEME

The Compensation Committee may, pursuant to a special resolution, pass at a General Meeting at any time and from time to time:

- a. Revoke, add to, alter, amend or vary all or any of the terms and conditions of the ESOP Scheme or all or any of the rights and obligations of the Option Grantee, subject to such alteration not being prejudicial to the interests of the Company; Provided that no variation, alteration, addition or amendment to the ESOP Scheme can be made if it is detrimental to the interest of the Option Grantee unless prior written consent of the affected Option Grantee is obtained towards the same;

- b. Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Option Grantee separately and each of such sets of special terms and conditions shall be restricted in its applications to such Option Grantee.

40. TERMINATION

The ESOP Scheme shall terminate upon the earliest to occur of the following:

- a. The effective date of a resolution adopted by the Shareholders terminating the ESOP Scheme; or
- b. The date all Shares subject to the ESOP Scheme are delivered pursuant to the ESOP Scheme's provisions.

No Options/Shares may be granted under the ESOP Scheme after the earliest to occur of the events or dates described in the foregoing paragraphs (a) and (b) of this Clause, but Options/Shares granted heretofore shall continue in force beyond that date pursuant to these terms.

No such termination of the ESOP Scheme shall affect the previously accrued rights of any Option Grantee hereunder and all Options/Shares previously granted hereunder shall continue in force and in operation after the termination of the ESOP Scheme, except as they may be otherwise terminated in accordance with the terms of the ESOP Scheme or the Options Agreement.

41. SEVERABILITY

The Options are subject to the ESOP Scheme. Any term of the ESOP Scheme that is contrary to the requirement of the SEBI Regulations or any other Applicable Laws shall not apply to the extent it is contrary.

Any term of this ESOP Scheme which is, or at any time becomes, contrary to the SEBI SBEB Regulations, the Companies Act, 2013 or any other Applicable Laws shall not apply to that extent, and the relevant provision of Applicable Laws shall prevail and be deemed to be incorporated in its place. The remaining terms shall continue in full force and effect.

The Board and/or the Compensation Committee may make consequential amendments to give effect to this Clause. An amendment made solely to meet a regulatory requirement shall be carried out without the approval of the Shareholders by special resolution, in terms of Regulation 7(2) of the SEBI SBEB Regulations, but shall not otherwise vary the terms of Options already granted but not yet exercised to the detriment of the Option Grantees.