

## **ZAGGLE PREPAID OCEAN SERVICES LIMITED**

### **EMPLOYEE STOCK OPTION SCHEME 2022**

#### **1. SHORT TITLE, EXTENT AND COMMENCEMENT**

- a. This Scheme may be called the "**ZAGGLE ESOP 2022**" or "**Scheme**".
- b. Zaggle Prepaid Ocean Services Limited (the "**Company**") is a public limited company incorporated under the Companies Act 1956, having its registered office at 301, III Floor, CSR Estate, Plot No.8, Sector 1, Huda Techno Enclave, Madhapur Main Road, Rangareddi, Hyderabad, Telangana, India – 500081.
- c. It applies to all Employees of the Company.
- d. It shall be deemed to have come into force on the 27<sup>th</sup> September 2022 or on such other date as may be decided by the Board of the Company.

#### **2. OBJECTIVES OF THE SCHEME**

The principal objectives of this Scheme are:

- a. To promote the long-term financial interest in the Company by offering to 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 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. DEFINITIONS**

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

- a. "**Anti-Corruption Laws**" shall mean all Applicable Law relating to anti-bribery or anti-corruption (including, without limitation, the (Indian) Prevention of Corruption Act, 1988, the FCPA, each as amended and applicable.
- b. "**Applicable Law(s)**" means the legal requirements relating to the Scheme, including, without limitation, the tax, securities or corporate laws, the requirements of any stock exchange in which the shares may be listed or quoted and, if applicable, foreign exchange laws.

- c. **“Board”** means the Board of Directors for the time being of the Company.
- d. **“Breach of Conduct”** means any misdemeanor/misbehavior or breach of the Company’s employee guidelines/manual/policies including but not limited to (i) discussing the terms of individual stock option plans by an Eligible Employee with a current Employee or a former Employee of the Company; (ii) joining a competitor of the Company engaged in the same/similar business undertaken by the Company or setting up his own juridical entity to undertake the same/similar business as that of the Company within twelve (12) months of ceasing to being an Employee of the Company; (iii) involved in any misdemeanor in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and (iv) breach or violation of any Anti-Corruption Laws.
- e. **“Companies Act”** means the Companies Act, 2013, rules made thereunder, and includes any statutory modifications or re-enactments thereof.
- f. **“Compensation Committee”** means the Nomination and Remuneration Committee established by the Company and designated as the Compensation Committee for this Scheme. If the Company has not constituted a Nomination and Remuneration Committee, a committee with such members as constituted by the Board shall be constituted to administer this Scheme while considering and approving the Scheme and such Committee shall be the Compensation Committee under this Scheme having such powers as specified under the SBEBS Regulations.
- g. **“Control”** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- h. **“Director”** shall have the same meaning as defined under section 2(34) of the Companies Act, 2013.
- i. **“Eligible Employee”** means an Employee of the Company who fulfills the Eligibility Criteria.
- j. **“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 SBEBS Regulations.
- k. **“Employee”** except in relation to issue of sweat equity shares, means, —
  - (a) an employee as designated by the company, who is exclusively working in India or outside India; or
  - (b) 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.
- l. **“Equity Shares”** means fully paid up Equity Shares of the Company having a face value of INR 1/- per share.
- m. **“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 Scheme and paying the Exercise Price for the Options.
- n. **“Exercise Period”** means the time period after Vesting within which an Option Grantee should Exercise his right to apply for Equity Shares vested in him in pursuance of the Scheme. Unless otherwise specified, the Exercise Period shall commence from the date of Vesting of Options and it shall end on the completion

of ten years from the date of Vesting of last tranche of Options granted to such Option Grantee.

- o. “Exercise Price”** means, the price, if any, payable by the Option Grantee for the Options granted to him under this Scheme as may be decided by Committee or the Board from time to time and as may be specified in the Grant Letter to the Option Grantee and shall be in compliance with the accounting policies as specified in the SBEBS Regulations.
- p. “Fair Market Value”** of a Share/Option means the market price as determined by SEBI registered Category-I Merchant Banker or a Registered Valuer as per Companies Act, 2013, appointed by the Compensation Committee on a yearly basis in the month of April for that year. Additionally, if the Compensation Committee deems necessary, it may also obtain such report at any other point of time. Provided that after Listing, the term ‘Fair Market Value’ shall refer to “Market Price” within the meaning of the SBEBS Regulations.
- q. “Grant”** means the process by which the Company issues Options under this Scheme.
- r. “Grant Letter”** means the letter issued by the Company to the Eligible Employees offering the Options under this Scheme.
- s. “Listing”** means listing of the Company’s Shares on any Recognized Stock Exchange pursuant to an initial public offer.
- t. “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;
- u. “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.
- v. “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..
- w. “Option Grantee”** means an Employee having a right but not an obligation to Exercise an Option pursuant to this Scheme.
- x. “Permanent Disability”** 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.
- y. “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:
- z. “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:

- aa. **“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).
- bb. **“SBEBS 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.
- cc. **“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
- dd. **“Securities”** means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- ee. **“Shares”** mean Equity Shares and Securities convertible into Equity Shares and includes American Depository Receipts, Global Depository Receipts or other depository receipts representing underlying Equity Shares or Securities convertible into Equity shares.
- ff. **“Shareholder”** means the shareholder(s) of the Company.
- gg. **“Subsidiary”** means a subsidiary of the Company, whether now or existing as defined under Applicable Law.
- hh. **“Vesting”** means the process by which the Option Grantee becomes entitled to receive the benefit of a Grant made to him/her under the Scheme.
- ii. **“Vesting Period”** means the period during which the Vesting of Option or a benefit granted under the Schemes takes place.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the SBEBS Regulations, or the Securities Contracts (Regulation) Act, 1956 or the Companies Act 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.

#### 4. INTERPRETATION

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

- a. The headings are only for the 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 Scheme, unless specifically mentioned otherwise.
- e. Words denoting one gender include other genders.

- f. Any reference made in this 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 Scheme.

## 5. QUANTUM OF SHARES SUBJECT TO THE SCHEME

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

Nominal value per share	INR 1/-
The maximum number of Options proposed to be granted under this Scheme	46,10,936
The maximum number of Options proposed to be granted under this Scheme per Employee	1% of the issued capital (excluding conversion and warrants)

- b. If an Option expires or becomes unexercisable without having Exercised in full, the unpurchased Shares/unexercised Options, which were subject thereto shall become available for future grant under the Scheme (unless Scheme has been terminated).
- c. Where Shares are issued consequent upon Exercise of an Option under Scheme, the maximum number of Shares which are subject to Option referred to in Clause 5(a) above stands reduced to the extent of such Shares issued.
- d. The Shares issued in terms of this Scheme shall not carry tag along rights or drag along rights. Tag along rights and drag along rights shall be assumed to carry the same meaning and purpose as commonly understood in the market parlance.

## 6. ADMINISTRATION OF THE SCHEME

Notwithstanding anything stated herein, but subject to the terms of the special resolution passed by the Shareholders at the Extraordinary General Meeting of the Company held on 27<sup>th</sup> September, 2022 approving the issue of Shares to Employees of specific categories under an Employees Stock Option Scheme, the Compensation Committee, in its absolute discretion has been authorized to determine all the terms governing the Scheme including the provisions specified in Part B of Schedule – I of the SBEBS Regulations, any variation thereof and including, but not limited to

- determining the Employees amongst the categories of Employees to whom the Options are to be granted;
- the time when the Options are to be granted;
- the quantum of Options to be granted per Eligible Employee and in aggregate under the Scheme at various points in time;
- the number of tranches in which the Options are to be granted;
- 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. determination of Exercise Price;
- 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. maintain the Employee Stock Option Register in such manner and format as may be specified as per the Companies Act and related rules;
- n. the Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including SBEBS Regulations, SEBI (Listing Obligations and Disclosure) Requirements 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and Securities, Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, the guidelines issued under Income Tax Act, 1961 for Grant of Options (so as to be eligible for exemptions thereunder) by the Company and its Employees, as applicable;
- o. The Committee shall, with the approval of the Board and Shareholders, take all such actions and amendments to this Scheme, which shall be necessary to comply with various acts and regulations, including SBEBS Regulations and Regulations issued under Foreign Exchange Management Act, 1999 ("FEMA"), as and when they become applicable to the Company;
- p. the Committee may formulate the detailed terms and conditions and procedure for buyback of specified securities as may be required under SBEBS Regulations, including:
  - i. permissible sources of financing for buyback;
  - 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 buyback in a financial year.

Explanation - Specified securities shall have meaning prescribed under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.
- q. assignment of weightage to Company's performance, level/grade of Employee and such other criteria, for determining the grant of Options including the quantum thereof;
- r. the Committee may prescribe different set of criteria for each of the tranche of Options / categories / the Eligible Employees, with respect to the tranches, performance benchmark, tenure of service, etc. in respect of the Scheme;
- s. the Committee shall provide the Board with such reports and disclosures as may be required to be disclosed

under the Board Report, Director's Report or Annual Report of the Company;

- t. the number of Options reserved, if any, for granting to new Employees who would join the services of the Company;
- u. deciding 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);
- v. deciding adjustments to Grant size and/or Exercise Price of Options in case of bonus issue or rights issue or Share split or any such action;
- w. obtaining permissions from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the Scheme;
- x. framing appropriate procedures for granting, Vesting and exercising of Options.

## **7. POWERS OF THE COMPENSATION COMMITTEE**

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

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

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

## **8. EFFECT OF COMPENSATION COMMITTEES' DECISIONS**

Without prejudice to the laws and regulations of the Companies Act and/or the SBEBS Regulations, all decisions, determinations and interpretations of the Compensation Committee shall be respected and abided by all concerned.

## **9. ELIGIBILITY FOR GRANT OF OPTIONS**

- a. Only Eligible Employees of the Company 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 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.

#### **10. RIGHTS OF AN OPTION GRANTEE**

Unless and until the Options have been Exercised and Shares 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.

#### **11. TERM OF SCHEME**

The Scheme shall become effective upon its adoption by the Shareholders. It shall continue in effect for a term of ten (10) years unless sooner terminated under Clause 34 of the Scheme.

#### **12. TERM OF OPTION**

The term of each Option shall be stated in the Grant Letter; provided, however, that the term shall be no more than ten (10) years from the date of Vesting of last tranche of Options granted under this Scheme.

#### **13. MAXIMUM QUANTUM OF OPTIONS PER OPTION GRANTEE**

The maximum quantum of Option per Option Grantee shall not exceed 1% of the total issued capital of the Company (excluding conversion and warrants). If the maximum quantum of Option to any Option Grantee exceeds 1% of the total issued capital of the Company (excluding conversion and warrants) during any year, then the Grant to such Option Grantee shall be subject to the SBEBS Regulations and the approval of the Shareholders of the Company.

#### **14. GRANT PROCEDURE**

The Option Grantee identified for Grant of Option shall be intimated about the same, by means of written communication (“**Grant Letter**”) which shall include the number of Options granted, the Date of Grant, the Vesting schedule, Exercise Period and Exercise Price. The communication shall also include (i) the salient features of the Scheme, (ii) the form for acceptance of the Grant and (iii) the application form for Exercising the Options.

The Employee shall sign and send the acceptance of the Grant in the specified format within 15 days of receipt of the Grant Letter.

Any Grant of Options as per this Scheme post the Listing of shares of Company shall be governed by the provisions of Regulation 12 of SBEBS Regulations.

#### **15. VESTING CONDITIONS OF OPTIONS**

- a. The minimum Vesting period of an Option shall not be less than a period of 12 months from the Date of



Grant of the Option or such other period as may be provided in the Companies Act and SBEBS Regulations.

- b. The maximum Vesting period of an Option shall not be more than a period of 48 months from the Date of the Grant of the Option or such other period as may be provided in the Companies Act and SBEBS Regulations.
- c. 40% of the total Options granted shall vest equally over a period of four years commencing from the Grant Date, i.e., 10% of the total Options shall vest at the end of first year; 10% at the end of second year and so on.
- d. 60% of the Options will vest upon the satisfactory performance of the Option Grantee as determined by the Compensation Committee in its sole discretion (“Performance Linked Options”). The Vesting period shall be determined by the Compensation Committee at the time of Grant.
- e. Notwithstanding sub-clause (c) and sub-clause (d) above or any other conditions for vesting of Options under this Scheme, subject to the minimum and maximum Vesting periods of an Option to vest, the Compensation Committee shall have the discretion to decide upon the Vesting Period, number of options vesting during Vesting Period, Vesting Conditions and the Proportion between the time-based vesting and performance-based vesting of the Options in respect of any Option Grantee or a category of Option Grantee in accordance with the Companies Act and SBEBS Regulations

#### **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 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.
- c. All taxes arising out of Exercise of Options or in relation to this Scheme in accordance with Applicable Law shall be borne by the Option Grantee only.
- d. The Fair Market Value of the Options as determined by the independent third-party valuer on a yearly basis or at any point of time obtained by the Board or the Compensation Committee shall be final and binding on all parties and for all accounting purposes.

#### **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 Compensation Committee/Company Secretary of the Company through e-mail or physical delivery at the registered office of the Company. Upon receipt of the application, the Compensation Committee/Company Secretary shall verify the Vesting conditions including satisfactory signatures on all relevant forms and papers, and the Company shall, within 60 days of receiving such request 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 an 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 Grantee is entitled to Exercise his Options from the first date of Vesting till the expiry of ten years from the Vesting of final tranche of the granted Options. 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 Scheme or the Grant Letter.

d. Exercise of Options in the case of separation of an Option Grantee from the Company:

- i. In the event of separation of an Option Grantee from the Company to reasons of Permanent Disability of the Option Grantee, all the Options granted to the Option Grantee till such date of permanent disability shall vest immediately. The Option Grantee may Exercise the Options so vested immediately after the date of permanent disability but in no event later than one year from the date of separation from employment.
- ii. In the event of death of an Option Grantee while being in employment of the Company, all the Options granted to the Option Grantee till such date of death shall vest immediately and all the Options granted may be Exercised by the Option Grantee's legal heirs or nominee immediately after but in no event later than one year from the date of Option Grantee's death.
- iii. In the event of resignation from employment for reasons of normal retirement or superannuation specifically by the Company, the Unvested Options shall vest according to the Vesting conditions specified in the Grant Letter and the vested Options may be Exercised by the Option Grantee not later than one year from the date of the Vesting of the last tranche of Options.
- iv. In the event of resignation of the Option Grantee, all Options, which are unvested on the date of submission of resignation, shall stand terminated with effect from that date. However, Options which have already been vested as on that date shall be Exercised by the Option Grantee not later than one year from the date of resignation.
- v. In the event of the Option Grantee opting for a long leave or a sabbatical, meaning absence from work for more than 3 months while still being in service with the Company, the Options which have already vested in him may be exercised at any time not but not later than one year from the date of vesting of the last tranche of the Options. For the unvested Options as on the date of start of the sabbatical or long leave, the period of such leave shall not be counted towards the Vesting Period. The Vesting Period for

such options shall resume from the date of rejoining into the service by the Option Grantee.

- vi. In the event of abandonment of service by an Option Grantee, in the case where the Option Grantee has not tendered his/her resignation, all Options including those, which are vested but were not Exercised at the time of abandonment of service shall stand terminated with immediate effect. The date of abandonment of an Option Grantee shall be decided by the Compensation Committee at its sole discretion which decision shall be binding on the Option Grantee without any protest or demur.
- vii. In the event of a Breach of Conduct by an Option Grantee, all the Options either Vested or not shall lapse irrevocably and any Share purchased by such Option Grantee upon Exercise of Options may, at the discretion of the Compensation Committee be bought back by the Company at the exercise price without any protest or demur

## 18. ISSUE OF SHARES

- a. Only the Option Grantee to whom Options have been granted under the 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 Re.1/- 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 Option Grantee agrees that the Company shall, at all times, have the first lien on all such shares which forms the subject matter of this Scheme, whether allotted consequent to Exercise of original Option granted or by way of bonus or rights issue, or in any other way resulting in grant of options, to recover any and all amounts, of any nature whatsoever, payable by the Option Grantee either to the Company (in discharge of any agreement with the Company) or to any statutory authority in discharge of any obligation with regard to the Scheme.
  - iii. Where the Option Grantee is or remains, at the time of the issue of Shares pursuant to the 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. CONSEQUENCE OF FAILURE TO EXERCISE OPTION

The amount payable by the Option Grantee, if any, at the time of grant of Option:

- i. may be forfeited by the Company if the Option is not Exercised by the Option Grantee within the Exercise Period; or
- ii. the amount may be refunded to the Option Grantee if the Options are not vested due to non-fulfillment of conditions relating to Vesting of Option as per the Scheme.

## **20. NON-TRANSFERABILITY OF OPTIONS**

No person other than such Optionee shall be entitled to the benefit arising out of such Options. The Options granted under this Scheme are not eligible to be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of succession or distribution and may be Exercised, during the lifetime of the Optionee, only by the Optionee.

## **21. 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 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 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 Optionee's salary and/or can be separately discharged by the Optionee 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 Optionee.
- 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.

## **22. ADJUSTMENTS OF NUMBER AND EXERCISE PRICE OF OPTION IN CERTAIN CASES**

- a. Capitalisation 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 required action 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 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

i. In the event of

- a. dissolution or liquidation of the Company; or
- b. strategic sale of the Company whereby the Promotor of the Company are selling more than or equal to 40% of their aggregate shareholding in the Company,

The Board shall notify each Option Grantee as soon as practicable prior to the effective date of such proposed transaction.

- ii. In the event of dissolution or liquidation of the Company, the Compensation Committee, subject to approval of the Board, may provide for an Option Grantee to have right to Exercise the Option (whether vested or not) until 15 days prior to such transaction.

For any event not provided above, Regulation 9 of the SBEBS Regulations shall be followed for issuance and Vesting of the Options.

## 23. 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”.

## 24. AMENDMENT AND TERMINATION OF THE SCHEME

a. Amendment and Termination:

The Board may subject to Shareholders approval by a special resolution as per Companies Act, 2013, at any time amend, suspend or terminate the Scheme provided that such variation is not prejudicial to the interest of the Option Grantee.

b. Shareholder approval:

The Board shall obtain shareholders approval for the amendment of any Scheme to the extent necessary and desirable to comply with Applicable Laws, granting Options to a single Employee of the Company during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of Grant of Options.

c. Effect of Amendment or Termination:

No amendment, alteration, suspension or termination of the Scheme shall impair the rights of any Option Grantee.

## **25. 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 and shall be further subject to the approval of legal counsel for the Company with respect to such compliance.

b. Inability to obtain authority:

The inability of the Company to obtain relevant approval from any regulatory body having jurisdiction under Applicable Laws, which approval is deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite approval shall not have been obtained.

c. Confidentiality:

The Optionee shall not disclose the details of the Scheme and his holdings to any person except with the prior permission of the Committee in writing.

## **26. RESERVATION OF SHARES**

The Company during the term of this Scheme, shall at all times 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 Scheme.

## **27. GENERAL RISKS**

Participation in this 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.

## **28. 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 prior to Listing, the Compensation Committee may also stipulate lock in period for the Shares issued pursuant to Exercise of Options.

## **29. LOCK-IN OF SHARES**

After the Options are converted into Equity Shares, the Shares shall not be subject to any lock in period restriction after such issue except as required under the Applicable Laws including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, or code of conduct framed, if any, by the Company after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

## **30. LISTING OF SHARES**

- a. Shares issued under this Scheme after Listing of the Company shall be listed immediately on the Recognized Stock Exchange(s) where the existing Shares are listed and the Compensation Committee shall comply with the regulatory requirements of Regulation 10, 11 and 12 of the SBEBS Regulations.
- b. After Listing of Shares, any Grant of Options under a Scheme formulated prior to IPO and prior to Listing of shares shall be made only when the Scheme is in conformity with the SBEBS Regulations and prior approval of the Shareholders of the Company has been obtained.
- c. Any variation of Options or Scheme or Listing of Shares shall be in compliance with Regulation 12 of SBEBS Regulations.
- d. Upon Listing, the Option Grantee or his nominee/ legal heirs, where applicable, can sell Shares in the open market at any time in accordance with Applicable Laws and policies of the Company, subject to any lock in period as per Applicable Laws.

## **31. CERTIFICATE FROM THE SECRETARIAL AUDITORS AND DISCLOSURES**

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

## **32. GOVERNMENT REGULATIONS**

This 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.

## **33. INTERPRETATION**

In the event of a conflict between the terms and conditions of the Scheme and the Grant Letter entered into by the Company and the Option Grantee as relating to the Scheme, the terms and conditions specified in the Scheme shall prevail. Any dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with the Scheme/Agreement, shall be referred to and resolved by the Compensation Committee which shall be binding on all persons affected thereby.

Any dispute that may arise as relating to any clause in the Scheme and/or the Agreement shall be subject to the exclusive jurisdiction of the courts in Hyderabad.

### **34. TERMINATION**

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

- a. The effective date of a resolution adopted by the Shareholders terminating the Scheme;
- b. The date all Shares subject to the Scheme are delivered pursuant to the Scheme's provisions; or
- c. 10 years from the date the Scheme is approved by the Company's Shareholders.

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

No such termination of the 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 Scheme, except as they may be otherwise terminated in accordance with the terms of the Scheme or the Options Agreement.