

PITTI ENGINEERING LIMITED

PITTI ENGINEERING LIMITED EMPLOYEE STOCK OPTION SCHEME 2024



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PITTI ENGINEERING LIMITED EMPLOYEE STOCK OPTION SCHEME 2024

1. SHORT TITLE, EXTENT AND COMMENCEMENT

- a. This Scheme shall be called the "PITTI ESOP Scheme 2024" or "Scheme".
- b. This Scheme has been formulated by the Board of Pitti Engineering Limited (the "Company"), a public limited company incorporated under the Companies Act 1956, having its registered office at IV Floor, Padmaja Land Mark 6-3-648/401, Somajiguda, Hyderabad, Telangana, India, 500082 and has received approval of its Shareholders by way of a Special Resolution passed on 13 June 2024 at the Extraordinary General Meeting 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 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. APPLICABILITY, TERM AND CONDITIONALITY

- a. It applies only to Eligible Employees, and other Employees as selected by the Board and /or the Compensation Committee, as the case may be, from time to time.
- b. This ESOP 2024 shall become effective from 13 June 2024 ("Effective Date") and shall terminate upon the date on which all the Options available for issuance under this 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 Scheme and/ or Notified 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 law 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.



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- c. 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 Scheme provided the same is not detrimental to the interests of the Option Grantee.
- d. Unless otherwise determined by the Board and /or the Compensation Committee, termination of this Scheme shall not affect the Grant, Vesting or Exercise of the Options already issued under this 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, the FCPA, each as amended and applicable.
- c. **"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.
- d. **"Bad Leaver"** means where employment of an employee terminates on account of the following;
 - breach of contract of employment by the employee; or
 - failure to comply with directions provided of Board / Compensation Committee to the employee; or
 - abandonment of office by the employee; or
 - any other event as may be determined by the Board /Compensation Committee.
- e. **"Board"** means the Board of Directors for the time being of the Company.
- f. **"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 3 years 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.
- g. **"Cause"** shall mean any act or omission by an Eligible Employee amounting to Breach of Conduct, misconduct, fraud, breach of any contract with the Company (including breach of a non-compete covenant), negligence, unethical practices or any other non-compliance or violation of any Applicable Laws in India and includes any misconduct under the Company's policies and/ or under labour laws or any act as determined by the Board / Compensation Committee to be detrimental to the Company, its financial position and its interests, in any manner;



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- h. “**Companies Act**” means the Companies Act, 2013, rules made thereunder, and includes any statutory modifications or re-enactments thereof.
- i. “**Compensation Committee**” means the Nomination and Remuneration Committee established by the Company and designated as the Compensation Committee for this Scheme. The Constitution of the Compensation Committee shall be in compliance with the SEBI Regulations.
- j. “**Control**” shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- k. “**Director**” shall have the same meaning as defined under section 2(34) of the Companies Act, 2013.
- l. “**Eligible Employee**” means an Employee of the Company or a subsidiary company or associate company who fulfills the Eligibility Criteria.
- m. “**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.
- n. “**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.
 - (c) an employee as defined in sub-clauses (a) or (b), of any of its subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include—
 - i. an employee who is a promoter or a person belonging to the promoter group; or
 - ii. a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company;
- o. “**Employee Welfare Trust**” means the trust that will be settled by the Company for the administration of the Scheme and governed by the Trust Deed.
- p. “**Equity Shares**” means fully paid up Equity Shares of the Company having a face value of INR 5/- per share.
- q. “**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.
- r. “**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 5 years from the date of Vesting of last tranche of Options granted to such Option Grantee.
- s. “**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 the Board or Compensation Committee as is allowed under the Companies Act and SEBI Regulations, from time to time, which in any case will not be lower than the face value of the equity shares of the Company, 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 SEBI Regulations.



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- t. **“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 at any point of time. Provided that after Listing, the term ‘Fair Market Value’ shall refer to “Market Price” within the meaning of the SEBI Regulations.
- u. **“Good Leaver”** means an employee whose employment is terminated and who is not a Bad Leaver as defined under the Scheme.
- v. **“Grant”** means the process by which the Company issues Options under this Scheme.
- w. **“Grant Letter”** means the letter issued by the Company to the Eligible Employees offering the Options under this Scheme.
- x. **“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;
- y. **“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.
- z. **“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.
- aa. **“Option Grantee”** means an Employee having a right but not an obligation to Exercise an Option pursuant to this Scheme.
- bb. **“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.
- cc. **“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.
- dd. **“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.
- ee. **“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).
- ff. **“SEBI 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.
- gg. **“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



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Requirements) Regulations, 2015

- hh. “**Securities**” means securities as defined in section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- ii. “**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.
- jj. “**Shareholder**” means the shareholder(s) of the Company.
- kk. “**Subsidiary**” means a subsidiary of the Company, whether now or existing as defined under Applicable Law.
- ll. “**Trustee**” means the trustee(s) of the Employee Welfare Trust for the time being and persons appointed as such from time to time by the Board to perform such actions and deeds as stipulated in the Trust Deed and the Plan in compliance with the SEBI Regulations.
- mm. “**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.
- nn. “**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;
- oo. “**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.
- pp. “**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 Scheme.
- qq. “**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 SEBI 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.

5. 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.



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- 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.

6. EMPLOYEE WELFARE TRUST

- a. The Company may at its discretion establish an irrevocable Employee Welfare Trust for administering the Scheme.
- b. The Company and / or its subsidiary or associate companies may provide an interest free loan to the Employee Welfare Trust to the extent required by the Trust to acquire or purchase Equity Shares of the Company by way of issuance and allotment of Equity Shares by the Company or from secondary market or by way of both. Additionally, the Trust may utilize the initial corpus or other funds as well for such acquisition or purchase of Equity Shares.
- c. The first Trustee(s) shall be appointed by the Board and named in the Trust Deed.
- d. The Employee Welfare Trust;
 - o Will issue or transfer shares to Eligible Employees after Exercise subject to realization of Exercise Price and recovery of applicable taxes from the Eligible Employees;
 - o May repurchase Shares in accordance with the terms and conditions of the Scheme and such other terms and conditions as may be determined by the Board/ Compensation Committee,
 - o May facilitate Cashless Exercise of options at the discretion of the Board/ Compensation Committee;
 - o Can undertake such other actions as may be required by the Company and/or the Board and/ or Compensation Committee from time to time.
- e. In case of winding up of the Scheme, the excess monies or Shares remaining with the Trust after meeting all the obligations, if any, shall be utilised for repayment of loan (if any) or by way of distribution to Employees or subject to approval of the shareholders, be transferred to another Scheme to be implemented.

7. 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:

Face value per share	INR 5/-
The maximum number of Options proposed to be granted under this Scheme	13,00,000
The maximum number of Options proposed to be granted under this Scheme per Employee	2,00,000

- b. Notwithstanding the foregoing, Shares with respect to which an Option is granted under this 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



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Company through the Compensation Committee may, at their discretion, Grant such Options within the overall limit determined under the Scheme.

- 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 7(a) above stands reduced to the extent of such Shares issued.

8. 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 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 SEBI Regulations, any variation thereof and including, but not limited to

- a. delegation of the administration of the ESOP Scheme through the Employee Welfare Trust;
- b. determining the Employees amongst the categories of Employees to whom the Options are to be granted;
- c. the time when the Options are to be granted;
- d. the quantum of Options to be granted per Eligible Employee and in aggregate under the Scheme at various points in time;
- e. the number of tranches in which the Options are to be granted;
- f. the criteria for determining the number of Options to be granted to Employees;
- g. the number of Options to be apportioned / allocated for various grades of Employees;
- h. the number of Options to be granted to each Employee;
- i. determination of Exercise Price;
- j. the terms and conditions subject to which the Options granted would vest in the Employee;
- k. the date of Vesting of the Options granted;
- l. the terms and conditions subject to which the Options vested would be Exercised by the Employee;
- m. the date within which the Options have to be Exercised by the Employee;
- n. maintain the Employee Stock Option Register in such manner and format as may be specified as per the Companies Act and related rules;
- o. the Compensation Committee shall 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 Obligations and Disclosure) Requirements 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015



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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;

- p. The Compensation 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 SEBI Regulations and Regulations issued under Foreign Exchange Management Act, 1999 ("FEMA"), as and when they become applicable to the Company;
- 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 Compensation 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 Compensation 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.

9. 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. formulate detailed terms and conditions of the Scheme, administer and supervise the same.
- b. delegate administration of the ESOP Scheme to the Employee Welfare Trust.
- c. meet as required for the purpose of administering the Scheme.
- d. 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



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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.

10. EFFECT OF COMPENSATION COMMITTEES' 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 Scheme. Any decision of the Board / Compensation Committee in the interpretation and administration of this Scheme, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Employee, 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 Scheme or any Option granted thereunder.

11. 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.
- d. The eligibility to participate in this 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 11(d) of this Scheme, the Compensation Committee at its sole discretion will decide the Employees eligible for Grant of Options under this Scheme and accordingly, the Company acting through the Compensation Committee would Grant the Options to the identified Employees under the Scheme.

12. 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.



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 SEBI Regulations and the approval of the Shareholders of the Company.

14. 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 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. 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 Scheme within the period prescribed in the Grant Letter or such extended time as the Compensation Committee may determine in its sole discretion.
- d. The Employee shall sign and send the acceptance of the Grant in the specified format within 30 days of receipt of the Grant Letter.
- e. Subject to the conditions stipulated herein, each Option issued to a Grantee would be eligible for allotment into 1 (one) Share by payment of the Exercise Price.
- f. Subject to the overall limit prescribed in Clause 7 of this Scheme, the Options may be granted in one or more tranches.
- g. The Grant of Options under the Scheme does not guarantee any entitlement to any future grant of Options under the Scheme.
- h. The Grant of Options is of an occasional and extra-ordinary nature and constitutes a gratuitous and discretionary act by the Company. Consequently, no benefit derived from the Options granted under the Scheme forms or shall form a part of any Option Grantee's normal, habitual or expected remuneration.
- i. An offer made under this Clause is personal to the Grantee and cannot be transferred in any manner whatsoever.
- j. 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, shall conclude a contract between the Option Grantee and the Company.



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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 SEBI Regulations.
- b. Minimum 25% subject to a maximum of 50% of the options will vest upon satisfactory performance of the Option Grantee as determined by the Compensation Committee in its sole discretion ("Performance Linked Conditions"). These conditions shall be determined by the Compensation Committee at the time of Grant.
- c. Balance options shall vest over a 8 year period from the Date of Grant with a cliff period of 2 years. The following vesting period would be followed by the company.

Vesting Period	% of options vested
End of Year 1	NIL
End of Year 2	NIL
End of Year 3	15%
End of Year 4	15%
End of Year 5	15%
End of Year 6	15%
End of Year 7	20%
End of Year 8	20%

The vesting may occur in one or more tranches, subject to the terms and conditions of vesting, as stipulated in the Scheme.

- d. Notwithstanding anything stipulated as part of the Scheme, Options which are not vested shall automatically lapse after the vesting date and the contract referred to in Clause 14 (j) 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 Scheme and may be granted at the discretion of the Board or Compensation Committee to any other Eligible Employee.
- e. Subject to Applicable Laws, and unless the Board and / or Compensation Committee decides otherwise, no Options shall vest in an Option Grantee, if such Option Grantee carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Company or any activity related to the business carried on by the Company. Decision of the Compensation Committee in this regard shall be final and conclusive and cannot be called in question by the Option Grantee. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Option Grantee or any activity/ business carried out by the Option Grantee pursuant to his duties as an Employee and shall not apply to the Nominee of the Option Grantee.

16. ACCELERATION OF VESTING IN CERTAIN CASES

Notwithstanding anything contained in the Scheme, but subject to the minimum vesting period being one year from the date of grant, provisions of the Companies Act 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.

17. 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 at any point of time obtained by the Compensation Committee shall be final and binding on all parties and for all accounting purposes.

18. 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 18(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 **five 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.



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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.

19. 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 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 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.

20. TERMINATION OR CESSATION

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. All the vested Options may be exercised by the Option Grantee's nominee or legal heirs within 1 year from vesting date or such other higher period as specified by the Board and/ or Compensation Committee. 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 14 (j) of this Scheme shall stand automatically terminated without any obligations whatsoever on the Company (including the Board or the Compensation Committee) and no



Sanjay

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 Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any other Eligible Employee.

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 maybe) 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 immediately after suffering the Permanent Disability, within 1 year from vesting date or such other higher period as specified by the Board/ Compensation Committee. 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 shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 14 (j) of this 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 Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any other Eligible Employee.

Termination with Cause

If the Option Grantee's employment with the Company is terminated by the Company for Cause, then all Unvested Options and all Vested Options that have not been exercised, shall lapse immediately on the date of such Cause, and the contract referred to in Clause 14 (j) of this 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 such Cause shall be determined by the Board, and its decision on this issue shall be binding and final. All such Options that so lapse shall revert to the Scheme and may be granted at the sole discretion of the Board or the Compensation Committee to any Eligible Employee.

On Abandonment

In the event an Option Grantee abandons employment or his office (i.e. absents himself) for a continuous period of 30 (thirty) days or as specified by the relevant internal policy of the Company or as specified by the Board or 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 14 (j) of this 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 Board or the Compensation Committee, at its sole discretion shall decide the date of abandonment by the Option Grantee and such decision shall be binding on all concerned parties. All such unexercised Vested Options that so lapse shall revert to the Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any other Eligible Employee.

On Resignation or other modes of termination

Other than in the case of retirement under a voluntary retirement scheme of the Company, if any, or retirement on attaining the superannuation age or onwards, which have been dealt with separately, if (a) the



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Option Grantee voluntarily resigns from his employment or directorship (other than an employee director), as the case may be or (b) the Company and the Option Grantee mutually separate from an employment relationship or (c) the employment of the Option Grantee with the Company is terminated for any reason other than death, permanent disability, termination with cause, abandonment, voluntary retirement, then:

Good leaver

- I. Unvested Options shall immediately and automatically lapse on the date of resignation/ terminations from/ of employment/ directorship and the contract referred to in Clause 14 (j) of this 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 Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any other Eligible Employee.
- II. All Vested Options which have not been Exercised by such Option Grantee on the date of resignation/ termination, can be exercised immediately after resignation or termination but in no event, later than the date of separation from the Company or other period as decided by the Compensation Committee. 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 14 (j) of this 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 Scheme pool and may be granted at the discretion of the Board or the Compensation Committee to any Eligible Employee.

Bad Leaver

In case the employment of the Participant with the Company is terminated due to resignation by the employee as a Bad Leaver, all Options that have not been exercised, shall lapse immediately on the resignation date, unless Compensation Committee decides otherwise and the contract referred to in Clause 14 (j) of this Plan 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 Participant after such date. All such Options that so lapse shall revert to the Scheme pool and may be granted at the sole discretion of the Board or the Compensation Committee to any Eligible Employee.

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 or onwards, all Options shall continue to vest in accordance with the respective vesting schedules under the Scheme, as applicable even after retirement or superannuation. Further, all Vested Options which have not been Exercised by such Option Grantee can be exercised in accordance with the Scheme.

Surrender

Employee may surrender his/her vested /unvested options at any time during / post his 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



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21. 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.

22. 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.

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 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.

24. 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.



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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 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 SEBI Regulations shall be followed for issuance and Vesting of the Options.

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 SCHEME

a. Amendment and Termination:

The Board may subject to Shareholders approval as per Companies Act at any time amend, suspend or terminate the 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 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. Confidentiality:

An Option Grantee must keep the details of the Scheme and all other documents in connection thereto strictly confidential. The decision and judgment of the Company regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board / Compensation Committee shall have the authority to deal with such cases as it may deem fit.

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 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 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.

29. 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.

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 prior to Listing, the Compensation Committee may also stipulate lock in period subject to which the Options would vest.

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 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.



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32. 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 SEBI 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 SEBI Regulations.

33. 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.

34. 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.

35. 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. 15 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.

