



**INDOSTAR**

**INDOSTAR CAPITAL FINANCE LIMITED****IndoStar ESOP Plan 2012**

<b>ARTICLE NO.</b>	<b>MATTER</b>	<b>PAGE NO.</b>
Article 1	Title	3
Article 2	Authority	3
Article 3	Objects	3
Article 4	Definitions & Interpretations	4
Article 5	Effective Date and Duration	9
Article 6	Nomination and Remuneration Committee and Implementation of ESOP 2012	9
Article 7	Appraisal and Selection of Eligible Employee(s)	11
Article 8	Grant of Option	12
Article 9	Terms of ESOP 2012 and Options	13
Article 10	Vesting Conditions	13
Article 11	Exercise and Exercise Price	14
Article 12	Limits for Grant of Options	16
Article 13	Termination of Relationship as an Employee	16
Article 14	Adjustments upon Corporate Actions	18
Article 15	Non-Transferability of Options	18
Article 16	Terms and Conditions of Shares	19
Article 17	Amendment and Termination of ESOP 2012	19
Article 18	Prevention of Insider Trading	20
Article 19	General Provisions including tax obligations	20
Article 20	Dispute Resolution	23

**INDOSTAR CAPITAL FINANCE LIMITED**

**IndoStar ESOP Plan 2012**

**ARTICLE 1**

**TITLE**

This Plan shall be called the **IndoStar ESOP Plan 2012** (“the ESOP 2012”).

**ARTICLE 2**

**AUTHORITY**

This ESOP 2012 has been formulated by, and shall be administered by the Nomination and Remuneration Committee of the Board of Directors of the Company.

In pursuance to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as modified from time to time (the “**SEBI Guidelines**”), this ESOP 2012 has been adopted by the Nomination and Remuneration Committee of the Board of Directors pursuant to the resolution passed at its meeting held on the 23<sup>rd</sup> day of April 2012, read with the resolution passed by the Board of Directors at its meeting held on the 20<sup>th</sup> day of June 2012 and Special Resolution(s) passed by the Members of the Company at the 3<sup>rd</sup> Annual General Meeting of the Company held on the 30<sup>th</sup> day of July 2012.

**Amendments:**

In order to align ESOP 2012 with the statutory requirements of Section 62(1)(b) of the Companies Act, 2013 read with the Rules framed thereunder and other Applicable Laws, the same was amended and adopted by the Nomination and Remuneration Committee of the Board of Directors pursuant to the resolution passed at its meeting held on 5<sup>th</sup> day of February 2018, read with the resolution passed by the Board of Directors at its meeting held on the 5<sup>th</sup> day of February 2018.

ESOP 2012 was further amended and adopted by the Nomination and Remuneration Committee of the Board of Directors pursuant to the resolution passed at its meeting held on 10<sup>th</sup> day of August 2018 read with the resolution passed by the Board of Directors at its meeting held on the 10<sup>th</sup> day of August 2018 and Special Resolution(s) passed by the Members of the Company at the 9<sup>th</sup> Annual General Meeting of the Company held on the 27<sup>th</sup> day of September 2018.

ESOP 2012 was further amended and adopted by the Nomination and Remuneration Committee of the Board of Directors pursuant to the resolution passed at its meeting held on 12<sup>th</sup> day of August 2020 read with the resolution passed by the Board of Directors at its meeting held on the 12<sup>th</sup> day of August 2020 and Special Resolution(s) passed by the Members of the Company at the 11<sup>th</sup> Annual General Meeting of the Company held on the 24<sup>th</sup> day of September 2020.

**ARTICLE 3**  
**OBJECTS**

The objects of ESOP 2012 are:

- 1) To provide means to enable the Company, its Holding Company and/or its Subsidiaries to attract and retain appropriate human talent in the employment of the Company, its Holding Company and/or its Subsidiaries;
- 2) To motivate Employees with incentives and reward opportunities;
- 3) To achieve sustained growth of the Company/Employer Company and the creation of shareholder value by aligning the interests of Eligible Employees with the long term interests of the Employer Company; and
- 4) To create a sense of ownership and participation amongst Employees.

**ARTICLE 4**  
**DEFINITIONS & INTERPRETATIONS**

**I) Definitions:**

In this ESOP 2012, the following expressions including their grammatical variations and cognate expression shall unless, repugnant to the context or meaning thereof, have the meaning assigned to them respectively hereunder:

- (a) **“Act”** means the (Indian) Companies Act, 2013 (I of 2013) or any statutory modification or re-enactment thereof.
- (b) **“Applicable Laws”** means all applicable laws, bye-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions, judgments, decrees or other legal requirements or official directives of any governmental authority or person acting under the authority of any governmental authority of the Republic of India, applicable to the subject matter of this ESOP 2012, including, without limitation, the tax, securities or corporate laws of India and any Stock Exchange or quotation on which Shares of the Company may be listed or quoted.
- (c) **“Board of Directors”** or **“Board”** means the Board of Directors of the Company or any Committee thereof and where the context so requires, shall be deemed to include the Board of Directors of the Holding or the Subsidiary Company(ies) of the Company.
- (d) **“Cause”** or **“Misconduct”** shall mean, (i) the continued failure of the Option Holder to substantially and materially perform his duties/lawful directions of the Employer Company (other than any such failure resulting from retirement, death or permanent disability as provided herein), (ii) the engaging by the Option Holder in willful, reckless or disgraceful/unethical business conduct which is determined to be detrimental to the interest of the Employer Company or any of its affiliates, monetarily or otherwise, (iii) conviction in a

court of law, or entering a plea of guilty or no contest to any, crime involving moral turpitude, fraud, misfeasance, breach of trust or wrongful disclosure by the Option Holder of any secret or confidential information about the Employer Company (iv) The Option Holder commits an act of insolvency, breach of any statutory duty or any act or omission, capable of adversely affecting the goodwill, reputation, credit, operations or business of the Employer.

- (e) **“Central Government Guidelines”** means the guidelines as may be notified by the Central Government under the Income Tax Act, 1961.
- (f) **“Change in Capital Structure”** means a change in the capital structure of the Company as a result of any Corporate Action and any other change in the rights or obligations in respect of Shares.
- (g) **“Company”** means IndoStar Capital Finance Limited.
- (h) **“Nomination and Remuneration Committee”** or **“Committee”** shall mean the Nomination and Remuneration Committee of the Board constituted in accordance with the provisions of the Act or other Applicable Laws for the purpose of, *inter alia*, for administration and superintendence of any employee stock option scheme(s) or employee stock purchase scheme(s) including this ESOP 2012.
- (i) **“Corporate Action”** includes but is not limited to the following events:
  - (i) initial public offer of Shares of the Company
  - (ii) the merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which Shares are converted into or exchanged for:
    - a) a different class of securities of the Company;
    - b) any securities of any other issuer;
    - c) cash; or
    - d) other property.
  - (iii) reclassification of Shares, splitting up of the face value of Shares, sub-division of Shares, issue of Bonus Shares or Rights Shares, conversion of Shares into other Shares or securities of the Company.
  - (iv) the sale, lease or exchange of all or substantially all of the asset(s) or undertaking(s) of the Company.
  - (v) the adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
  - (vi) sale of at least 51 percent of Shares of the Company held by the shareholders to a Third Party (which, for the avoidance of doubt, excludes inter-se Shareholders and Affiliate transfers). The terms ‘Third Party’ and ‘Affiliate’ used herein shall have the meaning assigned to them in the Articles of Association of the Company).
- (j) **“Director”** means a member of the Board.

**ESOP 2012**

---

- (k) **“Eligible Employee”** means an Employee as determined by the Nomination and Remuneration Committee to be entitled to grant of options under this ESOP 2012.
- (l) **“Eligibility Criteria”** means the criteria as may be determined by the Nomination and Remuneration Committee from time to time for Granting options to Employee(s).
- (a) **“Employee”** means
  - (i) a permanent Employee of the Company who has been working in India or outside India; or
  - (ii) a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director; or
  - (iii) an Employee as defined in clause (i) or (ii) of a Subsidiary, in India or outside India, or of a Holding Company of the Companybut does not include—
  - a. an Employee who is a Promoter or a person belonging to the Promoter Group; or
  - b. a Director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding Equity Shares of the Company
- (b) **“Employer”** means the Company, its Holding Company or a Subsidiary Company of the Company and the term **“Employer Company”** shall be construed accordingly.
- (c) **“ESOP 2012”** means this IndoStar ESOP Plan 2012, as set out herein and as amended or modified from time to time.
- (d) **“Exercise”** is the act of a written application being made by the Option Holder to the Company exercising the Vested Option and applying to the Company for the issue of Share against the Vested Option upon payment of the Exercise Price and the term **“Exercised”** shall be construed accordingly.
- (e) **“Exercise Period”** means the period commencing from the date of Vesting within which the Employee should Exercise the Vested Option.
- (f) **“Exercise Price”** means the price payable by the Option Holder for exercising the Option Granted to him.
- (g) **“Fair Market Value”** means the fair value as may be determined by a Category I SEBI registered Merchant Banker or a Chartered Accountant as per any internationally accepted pricing methodology on arm’s length basis.
- (h) **“Grant”** means issue of option to Employee(s) under this ESOP 2012 and the terms **“Granting”** and **“Granted”** shall be construed accordingly.

The Grant shall be deemed to have been made on the date on which the Nomination and Remuneration Committee, approves the grant.

- (i) **“Grant Letter”** shall have the meaning ascribed to the term in Clause 8 (g) of this ESOP 2012.
- (j) **“Holding Company”** means in relation to the Company, a holding company as defined in the Act.
- (k) **“Lapsed Option”** means
  - (i) the Unvested Option; or
  - (ii) Option which has Vested but has not been Exercised for any reason whatsoever, including due to termination of the employment of the Option Holder or Employee not complying with Vesting Criteria, within the Exercise Period.

The term **“Lapsed”** shall be construed accordingly.

- (l) **“Market Price”** means Market Price as per the SEBI Guidelines as amended from time to time; and which presently 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 stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as market price.’*
- (m) **“Option”** means an option Granted to an Eligible Employee, which gives such Employee the right to subscribe at a future date (without any obligation to subscribe), subject to the terms and conditions of this ESOP 2012, the number of Shares underlying the option, at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting.
- (n) **“Option Holder”** means an Employee who has been Granted Option(s) in pursuance of this ESOP 2012 or successor / legal heir of Option Holder to the extent permitted under this ESOP 2012 and / or Applicable Laws in this regard.
- (o) **“Permanent Disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Company.
- (p) **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- (q) **“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, 2009:

Provided where the promoter or promoter group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such company;

- (r) **“Resultant Share”** means the Share or other securities issued on Exercise of, or in lieu of the Option on any Change in Capital Structure or any Corporate Action.
- (s) **“SEBI”** means the Securities & Exchange Board of India.
- (t) **“SEBI Guidelines”** mean the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.
- (u) **“Securities”** means securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.
- (v) **“Share(s)”** means equity share(s), whether fully or partly paid up, of the Company and a security convertible into equity share(s) and shall include American Depositary Receipt(s) (ADRs), Global Depositary Receipt(s) (GDRs) or other Depositary Receipt(s) representing underlying equity share or security convertible into equity share(s) and where the context so requires shall also be deemed to include the Resultant Share(s).
- (w) **“Stock Exchange”** means, a stock exchange, whether within or outside India, which is notified / recognized by any government authority as a stock exchange, for the purpose of trading in securities under applicable laws.
- (x) **“Subsidiary Company”** means in relation to the Company, any present or future Subsidiary Company as defined under the Act.
- (y) **“Unvested Option”** means an Option in respect of which Vesting Criteria have not been satisfied and as such, the Option Holder has not become eligible to Exercise the Option.
- (z) **“Vesting”** means the process by which the Option Holder is given the right to apply for Share(s) of the Company against the Option in pursuance of this ESOP 2012. The term **“Vest”** and **“Vested”** shall be construed accordingly.
- (aa) **“Vested Option”** means an Option in respect of which Vesting Criteria have been satisfied and the Option Holder has become eligible to Exercise the Option.
- (bb) **“Vesting Confirmation”** means a communication, in writing or notified through electronic mail or through the corporate intranet, by the Company to an Option Holder, evidencing Vesting of Option.
- (cc) **“Vesting Criteria”** means criteria as may be stipulated by the Nomination and Remuneration Committee for the Vesting of Options.
- (dd) **“Vesting Period”** means the period during which the Vesting of Option to an Option Holder can take place.



## ESOP 2012

- (ee) **“Vesting Date”** means the date on which an Option is first Vested during the Vesting Period.

All other terms/expressions unless defined herein shall have the meaning assigned to the terms in the Act, the SEBI Act, 1992, the SEBI Guidelines, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Securities Contracts (Regulation) Act, 1956 and the Central Government Guidelines, or any statutory modification or re-enactments thereof, as the case may be.

### II) **Interpretations:**

In this document, unless the contrary intention appears:

- a) words using the singular or plural number also include the plural or singular number, respectively;
- b) the terms **“hereof”**, **“herein”**, **“hereby”**, **“hereto”** and derivative or similar words refer to this entire ESOP 2012;
- c) the term **“person”** shall be broadly interpreted to include, without limitation, any corporation, a firm, a body corporate or unincorporated, any authority, partnership or individual;
- d) Headings are given to the sections of the ESOP 2012 solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the ESOP 2012 or any provision thereof.
- e) any word or expression importing the masculine, feminine or neuter gender only, shall be taken to include all three genders;
- f) reference to any legislation or law or to any provision thereof shall include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted;
- g) references to the word **“include”** or **“including”** shall be construed without limitation; and
- h) A reference to a Clause is a reference to a Clause of this ESOP 2012.

### **ARTICLE 5** **EFFECTIVE DATE AND DURATION**

- (a) ESOP 2012 shall be deemed to have come into force on the 21 day of August 2012, (the **“Effective Date”**) and shall apply to Employee(s).
- (b) ESOP 2012 shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of options available for Grant under ESOP 2012 have been Granted and Exercised, in accordance with ESOP 2012 (the **“Closing Date”**).
- (c) If any Options under this ESOP 2012, are forfeited by the Nomination and Remuneration Committee under any provision of ESOP 2012 or other related financing arrangements or have Lapsed, such Options shall be available for further Grant(s) to be made under ESOP 2012.

**ARTICLE 6****NOMINATION AND REMUNERATION COMMITTEE AND IMPLEMENTATION OF ESOP 2012**

- (a) ESOP 2012 shall be implemented and administered by the Nomination and Remuneration Committee. The Board may provide that the Nomination and Remuneration Committee shall exercise certain powers only after consultation with prior approval of the Board and in such case; the said powers shall be exercised accordingly.
- (b) The Nomination and Remuneration Committee shall be entitled to invite any person(s) to attend its meetings and participate in the discussion and deliberations, as it deems fit. The Nomination and Remuneration Committee, in the exercise of its powers, may require any information from the Employer Company and/or seek the assistance of any officer of the Employer Company as it may deem fit, to fully and effectively discharge its duties with regard to ESOP 2012.
- (c) A member of the Nomination and Remuneration Committee to whom any matter under the ESOP 2012 personally relates shall not vote on such matter.
- (d) Subject to the provisions of ESOP 2012 and in accordance with Applicable Laws, the Nomination and Remuneration Committee is authorized to formulate and determine the terms and conditions of ESOP 2012, including but not limited to the following:-
  - (i) determining Eligible Employee(s) amongst the different categories of Employees to whom options are to be Granted,
  - (ii) determining the Eligibility Criteria,
  - (iii) the time when options are to be Granted,
  - (iv) the number of tranches in which options are to be Granted and the number of options to be Granted in each such tranche,
  - (v) the quantum of options to be Granted at various points in time,
  - (vi) to determine the Exercise Price for options to be Granted,
  - (vii) the criteria for determining the number of options to be Granted to Employees,
  - (viii) the period and date/s in relation to which the criteria for granting is to be determined and fulfillment of conditions is to be verified,
  - (ix) the number of options to be Granted to each Employee and in aggregate per tranche,
  - (x) Vesting Criteria subject to which options Granted would Vest in the Employee,
  - (xi) the date of Vesting of options Granted,
  - (xii) the terms and conditions subject to which options Vested would be Exercisable by an Employee,
  - (xiii) the Exercise Period within which options have to be Exercised by Employee(s),
  - (xiv) number of options to be apportioned/allocated for various grades of Employee(s),
  - (xv) number of options reserved, if any, for Granting to Employee(s) at a future date,
  - (xvi) the conditions under which Vested Options in Employee(s) may lapse,
  - (xvii) the specified time period within which the Employee shall Exercise the Vested Option in the event of termination of employment or resignation,

## ESOP 2012

---

- (xviii) to frame rules to cover matters not specifically identified herein, in a manner consistent with equity and natural justice and the terms of ESOP 2012,
- (xix) the procedure for cashless Exercise of Options, if allowed by the Nomination and Remuneration Committee,
- (xx) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in the case of Change in Capital Structure of the Company arising out of Corporate Action,
- (xxi) framing of suitable policies and systems to ensure compliance with the Applicable Laws including SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market), 2003,
- (xxii) to prescribe, amend and cancel, amend, modify, terms, conditions, rules and regulations relating to ESOP 2012,
- (xxiii) to construe and interpret the terms and conditions of ESOP 2012 and Options Granted pursuant to ESOP 2012,
- (xxiv) make any other determination and take any other action that the Nomination and Remuneration Committee may deem necessary or desirable for the administration of ESOP 2012, and
- (xxv) to deal with all incidental and related matters in connection with the items (i) to (xxv) and otherwise to ensure the requirements of Applicable Laws including the SEBI Guidelines.
- (xxvi) To settle any doubts / queries in connection with this ESOP 2012.

### ARTICLE 7

#### **APPRAISAL AND SELECTION OF ELIGIBLE EMPLOYEE(S)**

The Nomination and Remuneration Committee shall have the discretion, based on (i) the periodic appraisal of Employee(s) and / or any team or group of the Employer Company of which such Employee(s) is/are part of; and (ii) subject to such Employee(s) qualifying under the selection criteria, *(which shall be decided from time to time by the Nomination and Remuneration Committee for assessing the contribution of Employee(s) towards the Employer Company)* if any, to determine whether Employee(s) is/are Eligible Employee(s) and satisfy(ies) the Eligibility Criteria for the Grant of options under this ESOP 2012.

Provided however that the Nomination and Remuneration Committee may, in its sole and absolute discretion but subject to the directions of the Board, may resolve to Grant options on such basis as it may deem fit.

However, subject to Applicable Laws, following persons shall not be entitled to participate in the ESOP 2012:

- (i) an Employee who is a Promoter or belongs to the Promoter Group of the Company;
- (ii) any Director, who either by himself or through his relatives or through any body corporate, *directly or indirectly* holds more than 10% of the outstanding equity shares of the Company;

**ESOP 2012**

- (iii) where an Employee is a Director nominated by any institution as its representative on the Board of the Company, such Employee shall not be entitled to participate in the ESOP 2012 unless:
- The contract or agreement entered into between the institution nominating its employee as the Director of the Company, and the Director so appointed shall, inter alia, specify the following:
    - a. whether the grants by the Company under this scheme can be accepted by the said employee in his capacity as Director of the Company;
    - b. that grant if made to the Director, shall not be renounced in favour of the nominating institution; and
    - c. the conditions subject to which fees, commissions, other incentives, etc. can be accepted by the Director from the Company.
  - the institution nominating its employee as a Director of the Company shall file a copy of the contract or agreement with the Company, and the Company shall, in turn file the copy with all the stock exchanges on which shares of the Company may be listed.
  - the Director so appointed shall furnish a copy of the contract or agreement at the first Board Meeting of the Company attended by him after his nomination.

**ARTICLE 8**  
**GRANT OF OPTIONS**

- (a) The Nomination and Remuneration Committee may, on such dates as it shall determine, in its absolute discretion, Grant options on terms and conditions and for consideration as it may decide, to such Eligible Employees as it may select.

The aggregate number of options that may be Granted under this ESOP 2012 shall not exceed 15,00,000 (Fifteen Lakh) subject to adjustment as may be required due to any Corporate Action or Change in Capital Structure.

- (b) No Options shall be offered under this ESOP 2012 unless disclosure specified at Annex 1 to this ESOP 2012 unless disclosures specified at Annex 1 are made by the Company to prospective Option Grantees.
- (c) Each of such Option(s) shall confer upon the Option Holder the right to subscribe for one (1) Share of the Company of INR 10/- each fully paid-up, at the Exercise Price.
- (d) It is hereby clarified that there shall be no discrimination or differential treatment with respect to Grant of Options to Employees who are on duly authorised long leave including maternity leave, sabbatical, etc.
- (e) If an Option expires or becomes unexercisable due to any reason(s), it shall become available for future Grants, subject to compliance with Applicable Laws.

## ESOP 2012

---

- (f) Where Shares are issued consequent upon Exercise of an Option under ESOP 2012, the maximum number of Shares that can be issued under the ESOP 2012 as referred to in 8(a) shall stand reduced to the extent of such Shares issued.
- (g) The date of Grant of an option shall, for all purposes, be the date on which the Nomination and Remuneration Committee approves the Grant.
- (h) The Grant of options shall be communicated by the Nomination and Remuneration Committee or by an officer authorised by it in this behalf, to Eligible Employee(s), within a reasonable time after the date of such Grant, by way of issue of a separate letter to each of such Eligible Employee(s) (the “**Grant Letter**”). Eligible Employee(s) who intend to accept such Grant shall convey their acceptance to the Company by accepting the Grant Letter within the period specified therein. The Grant Letter will be in writing or notified through electronic mail or through corporate intranet and shall specify number of options Granted and the broad terms and conditions of the Grant of options.
- (i) The Nomination and Remuneration Committee shall have the power to cancel all or any of Options under ESOP 2012, if so required under the Applicable Laws or the order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the Option Holder(s) for such cancelled Options.

### ARTICLE 9

#### **TERMS OF ESOP 2012 AND OPTION**

The term of each Option shall be as stated in the Grant Letter and shall be further subject to the terms of this ESOP 2012.

### ARTICLE 10

#### **VESTING CONDITIONS**

- (a) Vesting Criteria will be such as are specified for each Option Holder and conditions subject to which Vesting shall take place may be outlined in the Grant Letter which may include the following terms amongst others set out elsewhere in this ESOP 2012:
  - (i) If the Option Holder does not fulfill Vesting Criteria.
  - (ii) If the Option Holder’s employment is terminated by the Company for Cause.

Notwithstanding anything contrary contained in this ESOP 2012, the Nomination and Remuneration Committee shall be entitled, at any time, to make the Option conditional upon fulfillment of such performance criteria by Employee(s) and / or any team or group of the Employer Company of which such Employee(s) is/are part of, as may be determined by the Nomination and Remuneration Committee.

**ESOP 2012**

---

- (b) The Nomination and Remuneration Committee may in its absolute discretion, for any Option Holder or class of Option Holder(s), permit Options to be Vested and Exercised within such accelerate time and as per modified terms and conditions in accordance with this ESOP 2012.
- (c) Vesting of Options under this ESOP 2012 shall be on such date(s) and in such proportion as may be determined by the Nomination and Remuneration Committee and such Option, would vest not less than 1 (one) year from the date of Grant of an Option.
- (d) The Vesting of Option hereunder shall be evidenced by the Vesting Confirmation.
- (e) For a valid Vesting of Options, the concerned Option Holder shall, save as expressly otherwise provided in this ESOP 2012, be required to be an Eligible Employee on the respective Vesting Date and must neither be serving his/her notice period for termination of service nor be subject to any disciplinary proceedings pending against him/her.
- (f) Unless the Nomination and Remuneration Committee provides otherwise, the Vesting of Options Granted hereunder shall be stalled/blocked during any unauthorized and unpaid leave of absence for such period as may be determined by the Nomination and Remuneration Committee or for any Cause as deemed fit by the Nomination and Remuneration Committee and the decision of the Nomination and Remuneration Committee in this regard shall be final and binding on Employee(s).
- (g) It is hereby clarified that there shall be no discrimination or differential treatment with respect to Vesting of Options granted to Employees who are on duly authorised long leave including maternity leave, sabbatical, etc.

**ARTICLE 11**  
**EXERCISE AND EXERCISE PRICE**

- (a) Options shall be capable of being Exercised within a period of 4 (Four) years from the Vesting Date ("**Exercise Period**").
- (b) An Option cannot be Exercised for a fraction of Share.
- (c) Vested Option must be Exercised within the Exercise Period. In the event Option is not Exercised within the Exercise Period, it shall automatically stand lapsed and shall cease to be valid for all purposes. In such cases, the amount, if any, paid by the Option Holder to the Company in consideration of the Grant of the Option may be forfeited by the Company. However, where Option could not be Vested/Exercised by the Option Holder on account of non-fulfillment of any conditions relating to Vesting/Exercise of the Option, which is/was to be performed or fulfilled by the Company, such amounts shall be refunded to the respective Option Holder.

**ESOP 2012**

---

- (d) The Option could be Exercised at any of the following price as may be determined by the Nomination and Remuneration Committee at its sole discretion in respect of each Grant under this ESOP 2012:
- (i) Fair Market Value rounded to the nearest rupee; or
  - (ii) Market Price rounded to the nearest rupee; or
  - (iii) such price as may be determined by the Nomination and Remuneration Committee.

Notwithstanding anything contained in this ESOP 2012, the Exercise Price shall not be less than the price at which Shares were allotted to Indostar Capital, Mauritius and the Fair Market Value of the Share.

- (e) The method of payment of the Exercise Price shall be determined by the Nomination and Remuneration Committee and may include (i) the Option Holder's approval or consent to the Company to deduct such amount from his salary or other entitlements, due and payable; (ii) consideration received by the Company under a cash-less Exercise program implemented by the Company in connection with ESOP 2012; or (iii) any combination of the foregoing methods of payment, provided that any such mechanism at the relevant point is allowed under Applicable Laws.
- (f) The Option shall be deemed to have been Exercised only when the Company receives:
- (i) notice of Exercise from the Option Holder, in such form as may be prescribed; and
  - (ii) full payment of Exercise Price, amount payable as tax under the relevant tax laws, in force at the relevant time.
- (g) The Exercise of an Option shall entail issue and allotment of Shares (in physical and/or dematerialized form) by the Company as may be decided by the Nomination and Remuneration Committee.
- (h) Share issued upon the Exercise of an Option shall be issued in the name of the Option Holder in accordance with ESOP 2012. The Company shall issue (or cause to be issued) such Share promptly after the Option is Exercised. However, until Share is issued (as evidenced by the appropriate entry in the books of the Company or of a duly authorised agent of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Share, notwithstanding the Exercise of the Option. No adjustment will be made for a dividend or other rights for which the record date is prior to the date such Share is issued and allotted.
- (i) The Company shall follow the fair value method for computing the compensation cost for Options.

In case the Company calculates the employees compensation cost using the intrinsic value of Option, the difference between compensation cost so calculated and compensation cost that would have been recognized if the Company had used fair value method and its impact on

the profits and earnings per share shall be suitably disclosed in the Directors' Report of the Company.

- (j) Notwithstanding anything contained elsewhere in the ESOP 2012, the Nomination and Remuneration Committee may:
- (i) not permit the Exercise of any Vested Option to an Employee on termination due to Cause and in such event all Unvested Options to such Employee will stand cancelled.
  - (ii) if the Exercise of the Option within the Exercise Period is prevented by Applicable Laws, defer or not permit the Exercise of Option till such time as is prohibited by Applicable Laws and in such an event the Company shall not be liable to pay any compensation or similar payment to Employee for any loss real or notional suffered due to such deferral or refusal.
  - (iii) The Nomination and Remuneration Committee may re-price Options which are not Exercised, whether or not that such Options have been Vested if such Options have been rendered unattractive due to fall in the price of the Share in the market. The Nomination and Remuneration Committee shall ensure that such re-pricing shall not be detrimental to the interest of Employees and prior approval of the shareholders of the Company in general meeting has been obtained for such re-pricing.
- (k) It is hereby clarified that there shall be no discrimination or differential treatment with respect to Exercise of Options granted to Employees who are on duly authorised long leave including maternity leave, sabbatical etc.

## **ARTICLE 12**

### **LIMITS FOR GRANT OF OPTIONS**

The Company shall not grant options to any Employee during any one year equal to or exceeding 1% of the outstanding issued share capital of the Company as on the date of Grant of options (excluding outstanding warrants and conversions).

Notwithstanding the foregoing, pursuant to a specific special resolution passed by members of the Company in General Meeting, the Nomination and Remuneration Committee may Grant to Employee(s) mentioned in such special resolution, during any one year, options equal to or exceeding 1% of the outstanding issued share capital (excluding outstanding warrants and conversions) as on the date of the Grant of Options.

## **ARTICLE 13**

### **TERMINATION OF RELATIONSHIP AS AN EMPLOYEE**

- (a) In the event of death of an Employee while in employment with the Employer Company, the Vesting and Exercise Period of Options held by such Employee shall accelerate in full and all



the Vested and Unvested Option may be Exercised by the Option Holder's nominee or legal heir(s) as soon as possible, but in no event later than one year from the date of death or such longer period as may be permitted by the Nomination and Remuneration Committee, but not exceeding the maximum Exercise Period as per the terms of ESOP 2012.

- (b) In the event of separation of an Employee from the Employer Company due to reasons of Permanent Disability, the Vesting and Exercise Period of Options held by such Employee shall accelerate in full and the Option Holder may Exercise Vested as well as Unvested Option as soon as possible, but in no event later than one year from the date of separation from employment due to such incapacity or such longer period as may be permitted by the Nomination and Remuneration Committee, but not exceeding the maximum Exercise Period as per the terms of ESOP 2012.
- (c) In the event of separation from employment for reasons of normal retirement or a retirement specifically approved by the Employer Company or in the event of deputation or transfer of an Option Holder to any entities within the group or any other entities as approved by the Nomination and Remuneration Committee:
  - (i) all Vested Options held by such Employee should be Exercised by the Option Holder within the period as may be determined by the Nomination and Remuneration Committee, but in no event later than one year from the date of such Option Holder's retirement or deputation or transfer, as the case may be; and
  - (ii) all Unvested Options will lapse as on the date of such retirement or deputation or transfer, as the case may be, unless otherwise permitted by the Nomination and Remuneration Committee at its sole discretion.

Provided that in the event an Employee who has been granted benefits under this ESOP 2012 is transferred or deputed to an Associate Company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed Employee even after the transfer or deputation.

- (d) In the event of resignation of an Employee, all Unvested Options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be Exercised by Employee immediately but not later than 30 days from the date of submission of resignation or such longer period as may be permitted by the Nomination and Remuneration Committee, but not exceeding 30 days from the date the Employee ceases to in the service of the Employer Company.
- (e) In the event of abandonment of employment by an Option Holder without the Employer Company's consent, all Options to such Employee, including the Vested Options, which were not Exercised at the time of abandonment of employment, shall stand terminated with immediate effect unless otherwise permitted by the Nomination and Remuneration Committee, in which event Options shall not stand terminated and the Options shall be Exercised within a period of 30 days from the date of abandonment. The decision of the

Nomination and Remuneration Committee at its sole discretion on any matter concerning this clause (including the date of abandonment by an Employee) shall be binding on the relevant Employee.

- (f) In the event of termination of the employment of an Option Holder due to the breach of policies of the Employer Company or due to Cause or Misconduct, all Options to such Employee, including Vested Options which were not Exercised at the time of such breach shall stand forfeited / terminated with effect from the date of such breach; the date of such breach shall be determined by the Nomination and Remuneration Committee at its sole discretion and its decision on any matter concerning this clause shall be binding on the relevant Employee.
- (g) In the event of termination of the employment of an Option Holder due to redundancy, all Unvested Options, as on the date of termination of service, shall expire and stand terminated with immediate effect. However, all Vested Options may be Exercised by the Option Holder as soon as possible, but in no event later than 180 days from the date of termination of service. The decision of the Nomination and Remuneration Committee on any matter concerning this clause including the date of termination of employment of an Employee shall be determined by the Nomination and Remuneration Committee and such decision shall be binding on the relevant Employee.

#### **ARTICLE 14**

##### **ADJUSTMENTS UPON CORPORATE ACTIONS**

In the event of any Corporate Action, the Nomination and Remuneration Committee shall have the discretion to make suitable and necessary adjustments inter alia to the number of Options and / or Exercise Price, depending upon the circumstances, acting reasonably, in respect of Vested and Unvested Options. The Nomination and Remuneration Committee may adjust the number of Options and / or Exercise Price in such a manner that the total value of Options remains same after the Corporate Action. The Nomination and Remuneration Committee shall endeavor that the Vesting Period and life of the Options shall be left unaltered as far as possible to protect the rights of Option Holders.

In the event of Corporate Action by way of an initial public offer, 75% of the Unvested Options would be Vested when the red herring prospectus is filed subsequent to receiving approval of SEBI for the draft red herring prospectus.

In the event of Corporate Action by way of a strategic sale, merger or any other such corporate event, 50% of the Unvested Options would be Vested as soon as the binding agreements are signed. Tag along rights would be provided to Employee(s) with shareholders vis-à-vis their holding.

#### **ARTICLE 15**

##### **NON-TRANSFERABILITY OF OPTIONS**

- (a) Options to an Employee cannot be sold, pledged, hypothecated, assigned, transferred or disposed off in any manner, other than by will or by the laws of descent, succession or distribution and may be Exercised, during the lifetime of the Option Holder, only by the Option Holder in accordance with the provisions of this ESOP 2012.
- (b) Subject to the provisions of this ESOP 2012, no person other than Employee to whom Options are Granted shall be entitled to Exercise the Options.

**ARTICLE 16**  
**TERMS AND CONDITIONS OF SHARES**

- (a) The Company will not be obliged to issue or allot any Shares upon Exercise of Options or otherwise unless the issue, allotment and delivery of such Shares complies, in the judgement of the Company, with all the relevant provisions of Applicable Laws including but not limited to the requirement of any stock exchanges in which Shares of the Company, are/or may be listed.
- (b) Shares allotted on the Exercise of Options shall rank *pari passu* with all the existing Shares of the Company (save as regards any right attached to such Shares by reference to a record date prior to the date of allotment).
- (c) Shares issued under this ESOP 2012 shall be subject to transfer restrictions as provided in the Articles of Association of the Company and such lock-in restrictions, if required under Applicable Laws and/or if determined by the Nomination and Remuneration Committee from the date of allotment of Shares under this ESOP 2012.

**ARTICLE 17**  
**AMENDMENT AND TERMINATION OF ESOP 2012**

- (a) The Nomination and Remuneration Committee may at any time amend, alter, suspend or terminate ESOP 2012 at its sole discretion. Subject to Applicable Laws, no alteration may be made to ESOP 2012 except to the extent permitted by the terms of ESOP 2012 or where such alteration is necessary or desirable to comply with Applicable Laws and the legal requirements relating to employee stock option schemes, including, without limitation, the tax, securities or corporate laws of India and/or any stock exchange on which Shares may be listed, without the prior approval of the shareholders of the Company in a general meeting by way of a special resolution.

Provided that any approval granted by shareholders to the Board to modify the terms of ESOP 2012 (subject at all times to the terms of the SEBI Guidelines) at the time of introduction of

**ESOP 2012**

---

ESOP 2012 shall be deemed to be sufficient approval of members to any such modification without necessitating any specific approval for each such modification(s).

Provided also that the Board may, where appropriate, seek prior approval of the appropriate tax authorities such that benefits under the Income-Tax Act, 1961 are protected to the extent possible.

- (b) Termination of ESOP 2012 shall not affect the ability of the Nomination and Remuneration Committee to exercise the powers granted to it under ESOP 2012 prior to the date of such termination.

**ARTICLE 18**  
**PREVENTION OF INSIDER TRADING**

- (a) The Option Holder shall ensure that there is no violation of applicable SEBI Regulations for “Prevention of Insider Trading” in Shares and securities, respective Code for Prevention of Insider Trading Code of the Employer Company formulated thereunder and the SEBI Regulations for “Prevention of Fraudulent and/or Unfair Trade Practices relating to the Securities Market”.
- (b) The Company shall frame such rules, regulations as may be necessary to ensure that there is no violation of the above referred regulations and/or practices.
- (c) The Option Holder shall indemnify and keep indemnified the Company and the Employer Company in respect of any direct or indirect liability arising as a result or consequence of the violation of above provisions.

**ARTICLE 19**  
**GENERAL PROVISIONS INCLUDING TAX OBLIGATIONS**

- (a) This ESOP 2012 shall not form part of any contract of employment between the Company and an Employee unless otherwise determined by the Nomination and Remuneration Committee. The rights and obligations of any Employee under the terms of his office or employment with the Employer Company shall not be affected by participation in this ESOP 2012 or right to participate in it and nothing in this ESOP 2012 shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- (b) The inability of the Company to obtain authority, approval or consent from any regulatory body having jurisdiction over the Company or under any Applicable Laws, for the lawful issuance and allotment of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or allot such Shares.

**ESOP 2012**

---

- (c) This ESOP 2012 shall not confer on any person any legal or equitable rights (other than those to which he would be entitled as an ordinary member of the Company) upon allotment of Shares pursuant to Exercise of Options against the Company, either directly or indirectly or give rise to any cause of action in law or in equity against the Company.
- (d) For abundant caution it is hereby clarified that neither the adoption of this ESOP 2012 nor any action of the Nomination and Remuneration Committee shall be deemed to give an Employee any right to be Granted any option by the Company or to acquire Shares or to any other rights except as may be evidenced by a Grant Letter.
- (e) Nothing contained in this ESOP 2012 shall be construed to prevent the Company from implementing any other new ESOP Plan for Granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on this ESOP 2012 or any Grant made under this ESOP 2012. No Employee or other person shall have any claim against the Company as a result of such action.
- (f) Participation in the ESOP 2012 shall not be constituted or be construed as a guarantee by the Company of return on Options/Shares of the Company. Any loss/potential loss on any account of fluctuation in the market price of Shares or any other account whatsoever and the risks associated with such investments will be that of the Option Holder alone and not of the Company.
- (g) No Employee shall have any claim to be Granted any option and there is no obligation on the part of the Company for uniformity of treatment of Employees or holders or beneficiaries of Options. The terms and conditions of Options need not be same with respect to each Option Holder.
- (h) Each Option Holder shall keep the details of Options Granted to them strictly confidential and shall not share/disclose the said details with/to any other Employee. The Option Holder shall maintain utmost confidentiality regarding the contents of the Grant Letter and ESOP 2012 and benefits thereunder at all times and shall not make any announcement to the public or to any third person regarding the arrangements contemplated by ESOP 2012 and the benefits thereunder except to the extent as may be required by Applicable Laws. In case of non-adherence to the provisions of this Clause, the Nomination and Remuneration Committee will have the authority to deal with such cases as it may deem fit in its absolute discretion, including through complete or partial cancellation of Options Granted to any such Option Holder.
- (i) Nothing contained in ESOP 2012 shall prevent the Company from adopting or continuing the current or other compensation arrangements and such arrangements may be either generally applicable or applicable only in specific cases.
- (j) Neither ESOP 2012 nor the Option shall create or be construed to create a trust or a separate fund of any kind or fiduciary relationship between the Company and Option Holder. To the

extent that any person acquires a right to receive payments from the Company pursuant to the Exercise of an Option, such right shall not be greater than the right of any general unsecured creditor of the Company.

- (k) All notices of communication required to be given by the Company to an Option Holder by virtue of this ESOP 2012 shall be in writing by electronic mode or by such other means as may be approved and allowed under Applicable Laws from time to time and shall be sent to the address of the Option Holder available in the records of the Employer Company and any communication to be given by an Option Holder to the Company in respect of this ESOP 2012 shall be sent to the Legal & Secretarial Department, IndoStar Capital Finance Limited, One Indiabulls Center, 20<sup>th</sup> Floor, Tower 2A, Jupiter Mills Compound, Senapati Bapat Marg, Mumbai – 400 013 or such other address as may be notified by the Company from time to time by means of written communication or such other manner as may be permitted in this regard.
- (l) Unless otherwise decided by the Nomination and Remuneration Committee, all expenses, taxes, stamp duty and other costs relating to issue of Shares would be borne by the Option Holder.
- (m) The Employer Company shall have the right to deduct from the Employee's total compensation, any tax obligations of the Employer Company or of an Employee at source or otherwise, including obligations arising upon (i) the Exercise of Options and/or (ii) the transfer of any Shares acquired upon Exercise of Options. For the avoidance of doubt, such taxes may include any taxes for which the Company is primarily responsible, but in respect of which it has been determined that they are recoverable from Employee(s). The Company shall have no obligation to deliver Shares until the tax obligations of the Employee, if any, relating to Options, have been met by the Option Holder to the satisfaction of the Employer Company.

In the event of any amendments, modifications or re-enactment of the provisions of the Income Tax Act, 1961 and/or the rules framed thereunder, as existing on the date of this ESOP 2012, the Nomination and Remuneration Committee shall have the power to amend or modify this ESOP 2012 according to the provisions of ESOP 2012 and Applicable Laws, without consent of Employees or Option Holders or the shareholders, as the case may be, in order to ensure that the Company is in the same position as it would have been, had the amendments or modifications in the Income Tax Act, 1961 and/or the rules framed thereunder, not been made, to the end and intent that no additional tax liability shall accrue to the Company as a result of any such amendment/modification in the Income Tax Act, 1961 and/or the rules framed thereunder.

- (n) The Company shall conform to the accounting policies regarding Options prescribed and applicable to it, from time to time. The Company shall follow the requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein. Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or

**ESOP 2012**

---

disclosure requirements for employee stock option schemes then the Company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.

- (o) This ESOP 2012 and the Grant Letter shall be subject to Applicable Laws (in particular the provisions of the SEBI Guidelines, the Central Government Guidelines, exchange control regulations including the Foreign Exchange Management Act, 1999 and the regulations issued thereunder and applicable tax laws) and approvals, if required, of the governmental authorities and shall be construed in accordance with Applicable Laws.
- (p) When the Company issues options or shares to the Employee of its subsidiary, the cost incurred by the Company for issuing such option or share shall be disclosed in the 'notes to accounts' of the financial statements of the subsidiary company. In a case the subsidiary reimburses the cost incurred by the Company in granting option or share to the employees of the subsidiary, both the subsidiary as well as the Company shall disclose the payment or receipt, as the case may be, in the 'notes to accounts' to their financial statements
- (q) This ESOP 2012 and the Grant Letter shall be subject to Applicable Laws (in particular the provisions of the Act SEBI Guidelines, the Central Government Guidelines, exchange control regulations including the Foreign Exchange Management Act, 1999 and the regulations issued thereunder and applicable tax laws) and approvals, if required, of the governmental authorities and shall be construed in accordance with Applicable Laws.
- (r) This ESOP 2012 and documents issued pursuant thereto shall constitute the entire documents in relation to its subject matter and supersede all prior agreements and understandings whether oral or written with respect to such subject matter.
- (s) The Company shall maintain a Register with respect to Options issued and Exercised under ESOP 2012 in the form and manner as prescribed under the Act. Such Register shall be maintained at the Registered Office of the Company or at such other place as may be decided by the Board of Directors / Nomination and Remuneration Committee of the Company. The entries in the Register shall be authenticated by the Company Secretary of the Company or such other person as may be authorized by the Nomination and Remuneration Committee.

**ARTICLE 20**  
**DISPUTE RESOLUTION**

- (a) Any question or dispute arising out of or in any way connected with ESOP 2012 shall be referred to the Nomination and Remuneration Committee and decision of the Nomination and Remuneration Committee shall be final and binding on the Option Holder.
- (b) The terms and conditions of the ESOP 2012 shall be governed by Applicable Laws of India and the Civil Courts at Mumbai alone shall have jurisdiction in respect of such proceedings.

**ESOP 2012**

---

- (c) In the event that any term, condition or provision of this ESOP 2012 being held to be a violation of any Applicable Laws, statute or regulation, the same shall be severable from the rest of ESOP 2012 and shall be of no force and effect and ESOP 2012 shall remain in full force and effect, as if such term, condition or provision had not originally been contained in ESOP 2012, unless determined otherwise by the Nomination and Remuneration Committee, which shall have the power to suitably modify ESOP 2012 in accordance with the provisions of this document.

◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆ ~ ◆



**Disclosure Document****Part A: Statement of Risks**

All investments in shares or options are subject to risk as the value of shares may go down or go up. In addition, the options are subject to the following additional risks:

1. Concentration: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single Company.
2. Leverage: Any change in the value of the share can lead to a significantly larger change in the value of the options.
3. Illiquidity: The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
4. Vesting: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.

**Part B: Information about the Company**

1. Business of the Company: A description of the main objects and present business of the Company.
2. Abridged financial information: Abridged financial information, for the last five years for which audited financial information is available, as prescribed under clause (b)(i) of Section 26(1) of the Companies Act, 2013 as amended or re-enacted from time to time. The last audited accounts of the Company shall also be provided unless this has already been provided to the employee in connection with a previous option grant or otherwise.
3. Risk Factors: Management perception of the risk factors for the Company (i.e., sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.).
- 4 Continuing disclosure requirement: The option grantee shall be provided copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the Company as well as notices of meetings and the accompanying explanatory statements.

**Part C: Salient Features of the Scheme**

This Part shall contain the salient features of the scheme of the Company including the conditions regarding vesting, exercise, adjustment for corporate actions, and forfeiture of vested options as the case may be. It shall not be necessary to include this Part if it has already been provided to the employee in connection with a previous grant, and no changes have taken place in the scheme since then. If the scheme administrator (whether the Company itself or an outside securities firm appointed for this purpose) provides advisory

## ESOP 2012

---

services to the grantees in connection with the exercise of options, as the case may be, or sale of resulting shares, such advice must be accompanied by an appropriate disclosure of concentration and other risks. The scheme administrator shall conform to the code of conduct appropriate for such fiduciary relationships.