



**INDOSTAR CAPITAL FINANCE LIMITED**

**IndoStar ESOP Plan 2016**

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**INDOSTAR CAPITAL FINANCE LIMITED****IndoStar ESOP Plan 2016****ARTICLE 1****TITLE**

This Plan shall be called the **IndoStar ESOP Plan 2016** (“ESOP 2016”).

**ARTICLE 2****AUTHORITY**

This ESOP 2016 has been formulated by, and shall be administered by the Nomination and Remuneration Committee of the Board of Directors of the Company.

In terms of Section 62(1)(b) of the Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014 made there under and other Applicable Laws, if any, this ESOP 2016 has been approved and recommended by the Nomination and Remuneration Committee of the Board of Directors pursuant to the resolution passed at its meeting held on the 11<sup>th</sup> day of April 2016 and approved and adopted by the Board of Directors at their meeting held on the 11<sup>th</sup> day of April 2016 and by the Members of the Company pursuant to Special Resolution(s) passed by the Members of the Company at the Extraordinary General Meeting of the Company held on the 9<sup>th</sup> day of May 2016.

Amendments:

ESOP 2016 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 10<sup>th</sup> day of August 2018, 12<sup>th</sup> day of August 2020, 21<sup>st</sup> day of April, 2025 read with the resolution passed by the Board of Directors at its meeting held on the 10<sup>th</sup> day of August 2018, 12<sup>th</sup> day of August 2020, 21<sup>st</sup> day of April, 2025 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, at the 11<sup>th</sup> Annual General Meeting of the Company held on 24<sup>th</sup> day of September 2020 and through postal ballot on May 24, 2025.

**ARTICLE 3****OBJECTS**

The objects of ESOP 2016 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 2016, 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 or any statutory modification or re-enactment thereof.
- (b) **“Applicable Laws”** means all applicable laws, bye-laws, rules, regulations, circulars, notifications, clarifications, 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 2016, 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) **“Bad Leaver”** means an Option Holder who on cessation of employment from the Employer Company is determined as a “bad leaver” based on the criteria specified by the Nomination and Remuneration Committee (including in the Grant Letter).
- (d) **“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.
- (e) **“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 Company (v) Breach of Employment Contract / Agreement or Policy(ies) of the Employer Company and (vi) any other conditions as maybe specified by the Nomination and Remuneration Committee in the Grant Letter.
- (f) **“Central Government Guidelines”** means the guidelines as may be notified by the Central Government under the Income Tax Act, 1961.
- (g) **“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 of the Company.

- (h) **“Change in Control”** means a person (other than Brookfield Corporation or its affiliates) gains ‘Control’ over the Company.
- (i) **“Company”** means IndoStar Capital Finance Limited.
- (j) **“Control”** means the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.
- (k) **“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 and other Applicable Laws, *inter alia* for the administration and superintendence of any employee stock option scheme(s) or employee stock purchase scheme(s) including this ESOP 2016.
- (l) **“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, Affiliate transfers and Excluded transfers). The terms ‘Third Party’, ‘Affiliate’ and ‘Excluded Transfer’ used herein shall have the meaning assigned to them in the Articles of Association of the Company).
  - (vii) Any other action as may be determined by the Nomination and Remuneration Committee.
- (m) **“Director”** means a member of the Board.

- (n) **“Eligible Employee”** means an Employee as determined by the Nomination and Remuneration Committee to be entitled to grant of options under this ESOP 2016.
- (o) **“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).
- (p) **“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
- (q) **“Employer”** means the Company, its Holding Company or a Subsidiary Company of the Company and the term **“Employer Company”** shall be construed accordingly.
- (r) **“ESOP 2016”** means this IndoStar ESOP Plan 2016, as set out herein and as amended or modified from time to time.
- (s) **“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 Vested Option upon payment of the Exercise Price and the term **“Exercised”** shall be construed accordingly.
- (t) **“Exercise Period”** means the period commencing from the date of Vesting within which the Employee should Exercise the Vested Option.
- (u) **“Exercise Price”** means the price payable by the Option Holder for exercising the Option Granted to him and as may be specified in the Grant Letter.
- (v) **“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.
- (w) **“Good Leaver”** means an Option Holder who on cessation of employment from the Employer Company is determined as a “good leaver” based on the criteria specified by the Nomination and Remuneration Committee (including in the Grant Letter). Provided that the Nomination and Remuneration Committee may re-characterize ‘Good Leaver’ as a ‘Bad Leaver’ if the Option Holder breaches any terms of employment agreement or the terms of the ESOP 2016.

- (x) **“Grant”** means issue of option to Employee(s) under this ESOP 2016 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.

- (y) **“Grant Letter”** shall have the meaning ascribed to the term in Clause 8 (g) of this ESOP 2016.

- (z) **“Holding Company”** means in relation to the Company, a holding company as defined in the Act.

- (aa) **“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.

- (bb) **“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 value shall be considered as market price.’*

- (cc) **“Option”** means an option Granted to an Eligible Employee, which gives such Employee a right to subscribe / purchase at a future date (without any obligation to subscribe / purchase), subject to the terms and conditions of this ESOP 2016, the number of Shares underlying the option, at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting.

- (dd) **“Option Holder”** means an Employee who has been Granted Option(s) in pursuance of this ESOP 2016 or successor / legal heir of Option Holder to the extent permitted under this ESOP 2016 and / or Applicable Laws in this regard.

- (ee) **“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.

- (ff) **“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;

- (gg) **“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;

- (hh) **“Relevant Date”** means:
- (i) in the case of grant, the date on which the Nomination and Remuneration Committee, approves the Grant; or
  - (ii) in the case of exercise, the date on which the written application of exercise is given to the Company by the Option Holder along with payment of exercise price and other necessary charges;
- (ii) **“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.
- (jj) **“SEBI”** means the Securities & Exchange Board of India.
- (kk) **“SEBI Guidelines”** mean the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.
- (ll) **“Securities”** means securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.
- (mm) **“Share(s)”** means equity share(s), whether fully or partly paid up, of the Company and a security(ies) convertible into equity share(s) and shall include American Depository Receipt(s) (ADRs), Global Depository Receipt(s) (GDRs) or other Depository Receipt(s) representing underlying equity share(s) or security(ies) convertible into equity share(s) of the Company and where the context so requires shall also be deemed to include the Resultant Share(s).
- (nn) **“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.
- (oo) **“Subsidiary Company”** means in relation to the Company, any present or future Subsidiary Company as defined under the Act.
- (pp) **“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.
- (qq) **“Vesting”** means the process by which the Option Holder becomes entitled to exercise the right to apply for Share(s) of the Company against the Option in pursuance of this ESOP 2016. The term **“Vest”** and **“Vested”** shall be construed accordingly.
- (rr) **“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.
- (ss) **“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.
- (tt) **“Vesting Criteria”** means criteria as may be stipulated by the Nomination and Remuneration Committee for the Vesting of Options.



- (uu) “**Vesting Period**” means the period during which the Vesting of Options granted to an Option Holder takes place.
- (vv) “**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 2016;
- 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 2016 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 2016 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 2016.

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

- (a) ESOP 2016 shall be deemed to have come into force on the 9<sup>th</sup> day of May 2016, (the “**Effective Date**”) and shall apply to Employee(s).
- (b) ESOP 2016 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 2016 have been Granted and Exercised, in accordance with ESOP 2016 (the “**Closing Date**”).
- (c) If any Options under this ESOP 2016, are forfeited by the Nomination and Remuneration Committee under any provision of ESOP 2016 or other related financing arrangements or

have Lapsed, such Options shall be available for further Grant(s) to be made under ESOP 2016.

**ARTICLE 6**  
**NOMINATION AND REMUNERATION COMMITTEE AND IMPLEMENTATION OF**  
**ESOP 2016**

- (a) ESOP 2016 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 2016.
- (c) A member of the Nomination and Remuneration Committee to whom any matter under the ESOP 2016 personally relates shall not vote on such matter.
- (d) Subject to the provisions of ESOP 2016 and in accordance with Applicable Laws, the Nomination and Remuneration Committee is authorized to formulate and determine the terms and conditions of ESOP 2016, 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,
  - (x) the terms and conditions subject to which options Vested would be Exercisable by an Employee,
  - (xi) the Exercise Period within which options have to be Exercised by Employee(s),

- (xii) number of options to be apportioned/allocated for various grades of Employee(s),
- (xiii) 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,
- (xiv) the specified time period within which the Employee shall Exercise Vested Options in the event of termination of employment or resignation,
- (xv) to frame rules to cover matters not specifically identified herein, in a manner consistent with equity and natural justice and the terms of ESOP 2016,
- (xvi) the procedure for cashless Exercise of Options, if allowed by the Nomination and Remuneration Committee,
- (xvii) 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,
- (xviii) 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), Regulations, 2003,
- (xix) to prescribe, amend and cancel, amend, modify, terms, conditions, rules and regulations relating to ESOP 2016,
- (xx) to construe and interpret the terms and conditions of ESOP 2016 and Options Granted pursuant to ESOP 2016,
- (xxi) 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 2016, and
- (xxii) to deal with all incidental and related matters in connection with the items (i) to (xxiv) and otherwise to ensure compliance with the requirements of Laws including the SEBI Guidelines, rules, regulations, and circulars issued by the Reserve Bank of India to the extent applicable.
- (xxiii) To settle any doubts / queries in connection with this ESOP 2016.

## **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 2016.

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, 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 2016 unless:

- (i) 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.
- (ii) 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.
- (iii) 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.
- (b) No Options shall be offered under this ESOP 2016 unless disclosures specified at Annex 2 to this ESOP 2016 are made by the Company to prospective Option Grantees.

The aggregate number of options that may be Granted under this ESOP 2016 shall not exceed 27,00,000 (Twenty Seven Lakhs) subject to adjustment as may be required due to any Corporate Action or change in Capital Structure of the Company.

- (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 lapses or becomes unexercisable due to any reason(s), it shall become available for future Grants, subject to compliance with Applicable Laws.

- (f) Where Shares are issued consequent upon Exercise of an Option under ESOP 2016, the maximum number of Shares that can be issued under the ESOP 2016 as referred to in 8(b) 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 2016, 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.
- (j) Notwithstanding anything contained in this ESOP 2016, the Nomination and Remuneration Committee shall determine the terms for Grant of Options as per the rules, regulations and circulars issued by Reserve Bank of India.

#### **ARTICLE 9**

#### **TERMS OF ESOP 2016 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 2016.

#### **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 2016:
  - (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 2016, the Nomination and Remuneration Committee shall be entitled, at any time, to make the Option conditional upon fulfillment of certain conditions, including the following:

- (i) performance, milestone-based 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.
- (ii) Time based criteria based on Option Holder continuing to be an Employee of the Employer Company as on certain specified dates/periods as decided by the Nomination and Remuneration Committee at its discretion.

- (iii) Change in Control.
- (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 2016 and the Grant Letter.
- (c) Vesting of Options under this ESOP 2016 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, except in case of Death and Permanent Disability.
- (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 2016, 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 maximum period of 4 (Four) years from the Vesting Date (“**Exercise Period**”) and specific Exercise Period shall be specified in the Grant Letter.
- (b) An Option cannot be Exercised for a fraction of Share.
- (c) Vested Option must be Exercised within the Exercise Period or such longer period as may be permitted by the Nomination and Remuneration Committee. In the event Option is not Exercised within the Exercise Period or such longer period as may be permitted by the Nomination and Remuneration Committee, it shall 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, unless the Nomination and Remuneration Committee decides otherwise. 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, unless the Nomination and Remuneration Committee decides otherwise. 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.

- (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 2016:
  - (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.
- (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 2016; 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 2016. 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.

Fair value shall mean the fair value calculated in a manner as set out in Annex 1 to this ESOP 2016

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 2016, 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 Vested as well as Unvested Options to such Employee will stand cancelled.
- (ii) not permit Exercise of any Vested Options in case the Option Holder breaches any employment or post-employment obligations (such as non-disparagement, non-compete, non-solicit, confidentiality, any material terms of the employment agreement (discovered during the employment or post-employment)).
- (iii) not permit the Exercise of any Vested Option in case the terms as specified in the Grant Letter is not fulfilled.
- (iv) 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.
- (v) 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.

Any approval granted by the Shareholders to the Board / Nomination and Remuneration Committee to re-price Options at the time of introduction of ESOP 2016 shall deemed to be sufficient approval of Members for any such re-pricing of Options without necessitating any specific approval in this regard.

- (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, subject to a specific special resolution passed by members of the Company, 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 2016.

- (b) In the event of separation of an Employee from the Employer Company due to reasons of Permanent Disability while in employment of the Company, 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 2016.
- (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 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 transfer, as the case may be. In the event of deputation, Vested Options may be dealt with, in a manner as may be determined by the Nomination and Remuneration Committee; 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 2016 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 and / or subject to such conditions as may be permitted by the Nomination and Remuneration Committee, but not exceeding the maximum Exercise Period as per the terms of ESOP 2016.
- (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 or such longer period as may be determined by the Nomination and Remuneration Committee. 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 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, unless otherwise permitted by the Nomination and Remuneration Committee, and subject to terms and conditions as the Nomination and Remuneration Committee may determine from time to time. 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 or such longer time period and / or subject to such conditions as may be determined by the Nomination and Remuneration Committee, but not exceeding the maximum Exercise Period as per the terms of ESOP 2016. 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 binding on the relevant Employee.
- (h) In the event the Option Holder is determined as a Good Leaver, then all Unvested Options, as on the date of separation from the employment of the Employer Company, 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 1 year from the date of separation from the employment of the Employer Company or such other longer time period and / or subject to such conditions as may be determined by the Nomination and Remuneration Committee, but not exceeding the maximum Exercise Period as per the terms of ESOP 2016.
- (i) In the event the Option Holder is determined as “Bad Leaver”, then all Unvested Options and Vested Options shall lapse.
- (j) Subject to Applicable Laws, in the event of a Change in Control, Options may accelerate and may stand Vested at the sole discretion of Nomination and Remuneration Committee, based on such terms and conditions specified in the Grant Letter.

#### 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, subject to minimum vesting period of 1 year as prescribed in this ESOP 2016.

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, subject to minimum vesting period of 1 year as prescribed in this ESOP 2016. 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, mortgaged or otherwise alienated 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 2016.
- (b) Subject to the provisions of this ESOP 2016, 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 2016 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 2016.

#### **ARTICLE 17**

#### **AMENDMENT AND TERMINATION OF ESOP 2016**

- (a) The Nomination and Remuneration Committee may at any time amend, alter, suspend or terminate ESOP 2016 at its sole discretion. Subject to Applicable Laws, no alteration may be made to ESOP 2016 except to the extent permitted by the terms of ESOP 2016 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 approval of the shareholders of the Company in a general meeting by way of a special resolution.

Any variation in ESOP 2016 shall not be prejudicial to the interest of option holders, unless otherwise made in accordance with Applicable Laws. Provided also that the Company shall be entitled to vary the terms of ESOP 2016 to meet any regulatory requirements.

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 2016 shall not affect the ability of the Nomination and Remuneration Committee to exercise the powers granted to it under ESOP 2016 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(s) 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 2016 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 2016 or right to participate in it and nothing in this ESOP 2016 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.
- (c) This ESOP 2016 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 2016 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 2016 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 2016 or any Grant

made under this ESOP 2016. No Employee or other person shall have any claim against the Company as a result of such action.

- (f) Participation in the ESOP 2016 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 2016 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 2016 and the benefits thereunder except to the extent as may be required by Applicable Laws. In case of nonadherence 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 2016 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 2016 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 2016 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 2016 shall be sent to the Legal & Secretarial Department, IndoStar Capital Finance Limited, One Indiabulls Center, 17<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 and all other expenses as may be determined by the Nomination and Remuneration Committee to be borne by the employee in accordance with this ESOP 2016, if any, relating to Options, have been met by the Option Holder to the satisfaction of the Employer Company.

- (n) 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 2016, the Nomination and Remuneration Committee shall have the power to amend or modify this ESOP 2016 according to the provisions of ESOP 2016 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.
- (o) 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 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.
- (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 2016 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 2016 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 2016 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 2016 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 2016 shall be governed by Applicable Laws of India and the Civil Courts at Mumbai alone shall have jurisdiction in respect of such proceedings.
- (c) In the event that any term, condition or provision of this ESOP 2016 being held to be a violation of any Applicable Laws, statute or regulation, the same shall be severable from the rest of ESOP 2016 and shall be of no force and effect and ESOP 2016 shall remain in full force and effect, as if such term, condition or provision had not originally been contained in ESOP 2016, unless determined otherwise by the Nomination and Remuneration Committee, which shall have the power to suitably modify ESOP 2016 in accordance with the provisions of this document.

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## Annex 1

- (i) The fair value of a stock option is the price that shall be calculated for that option in an arm's length transaction between a willing buyer and a willing seller.
- (ii) The fair value shall be estimated using an option-pricing model (for example, the Black-Scholes or a binomial model) that takes into account as of the grant date the exercise price and expected life of the option, the current price in the market of the underlying stock and its expected volatility, expected dividends on the stock, and the risk-free interest rate for the expected term of the option.
- (iii) The fair value of an option estimated at the grant date shall not be subsequently adjusted for changes in the price of the underlying stock or its volatility, the life of the option, dividends on the stock, or the risk-free interest rate.
- (iv) Where the exercise price is fixed in Indian Rupees, the risk-free interest rate used shall be the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.
- (v) The expected life of an award of stock options shall take into account the following factors:
  - (a) The expected life must at least include the vesting period.
  - (b) The average length of time similar grants have remained outstanding in the past. If the company does not have a sufficiently long history of stock option grants, the experience of an appropriately comparable peer group may be taken into consideration.
  - (c) The expected life of ESOP 2016 should not be less than half of the exercise period of the ESOP 2016 issued until and unless the same is supported by historical evidences with respect to Employee Stock Option Schemes issued by the company earlier.
- (vi) If the Company does not have a sufficiently long history of traded stock prices to estimate the expected volatility of its stock, it may use an estimate based on the estimated volatility of stocks of an appropriately comparable peer group.
- (vii) The estimated dividends of the Company over the estimated life of the option may be estimated taking into account the Company's past dividend policy as well as the mean dividend yield of an appropriately comparable peer group.
- (viii) Justification shall be given for significant assumptions. If at the time of further issue of ESOP there are any changes in the assumptions, reasons for the same shall be given.



**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 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.