

Aarvi Encon Limited  
Employee Stock Option Plan 2022

Aarvi Encon Limited



For AARVI ENCON LTD.  
*Jaydev Singhani*  
Executive Director

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For AARVI ENCON LTD.  
*Jaydev Singh*  
Executive Director

**1. Name, Objectives and Term of the Plan**

- 1.1 This employee stock option Plan shall be called the '**Aarvi - Employee Stock Option Plan 2022**' ("ESOP 2022").
- 1.2 The primary objective of this Plan is to reward the Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract, retain and motivate talents working with the Company and its Subsidiary(ies), as the case may be, by way of rewarding their high performance and motivate them to contribute to the overall corporate growth and profitability. The Company views employees as its most important resource and asset and the Employee Stock Options as long-term incentive tools that would enable the Employees not only to become co-owners, but also to create wealth for themselves out of such ownership in future.
- 1.3 This Plan is established with effect from May 2022, and it shall continue to be in force until (i) its termination by the Company as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under this Plan have been issued and exercised or have been lapsed or have been cancelled by the Board/ Committee and that the Board/ Committee does not intend to re-issue these lapsed or cancelled Options, whichever is earlier.
- 1.4 Notwithstanding anything herein contained, nothing in this Scheme shall be deemed to impose any obligation on the Company to issue or continue the issuance of any Options pursuant to this Scheme. Issue of Options shall be at the discretion of the Company.
- 1.5 Subject to provisions of Clause 14 of this Plan, the Board or the Committee as authorized may at any time alter, amend, suspend or terminate this Plan.



## 2. Definitions and Interpretations

### 2.1 Definitions

- a) **"Applicable Laws"** means every law relating to Options, to the extent applicable, including and without limitation to the Companies Act, regulations of the Securities and Exchange Board of India (SEBI), including SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 all relevant tax, securities, exchange control, corporate laws, or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares may be listed or quoted.
- b) **"Board"** means the Board of Directors of the Company, which includes Nomination and Remuneration Committee or any other committee authorized by the Board in this behalf.
- c) **"Change in Capital Structure"** means a change in the capital structure of the company as a result of reclassification of shares, splitting up of the face value of shares, sub-division of shares, issue of bonus shares, issue of rights shares, conversion of shares into other shares or securities and any other change in the rights or obligations in respect of shares.
- d) **"Companies Act"** means the Companies Act, 2013, rules made thereunder, and includes any statutory modifications or re-enactments thereof.
- e) **"Company"** means Aarvi Encon Limited, a company incorporated under the provisions of the Companies Act, 1956 having CIN L29290MH1987PLC045499 and its successors, and where the context so requires shall include its Subsidiary(ies).
- f) **"Committee" / "Compensation Committee"** means the Nomination and Remuneration Committee of the Board, as constituted or



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reconstituted from time to time under section 178 or any other relevant provisions of the Companies Act, for administration and superintendence of this Scheme and having such powers as specified under the SEBI SBEB and SE Regulations, and set out in this Scheme.

g) **“Corporate Action”** means "Corporate Action' means any one or more of the following actions:

- Bonus issue or rights issue undertaken by the Company;
- Merger, de-merger, spin-off, consolidation, amalgamation, sale of business, restructuring, or other reorganization of the Company in which all the Shares are converted into or exchanged for
  - i. a different class of securities of the Company,
  - ii. securities of any other issuer,
  - iii. cash; or
  - iv. other property;
- Sale, lease or exchange of all or substantially whole of the assets / undertaking of the Company to any other company or entity; or
- Adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
- Any transfer of interest in the subsidiary company by the company with a result that it no longer remains the subsidiary.
- Acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any company, person, entity or group of a controlling stake in the company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the company.
- Any other event, which in the opinion of the Board has a material impact on the business of the company.

h) **“Closing Date”** means the last date on which the offer of Options by the Company to an eligible Employee can be accepted. In case the last date is a non-working day, then the Closing Date shall be on the next working day.



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Executive Director

- i) **“Director”** means a member of the Board of the Company.
- j) **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for determining the eligibility of Employees for Grant of Options under this Plan.
- k) **“Employee”** means (i) a permanent employee of the Company working in or outside India; or (ii) a Director of the Company, whether a whole time director or not; or (iii) employees as mentioned in (i) and (ii) of the Subsidiary(ies), but does not include:
- (a) an employee who is a Promoter or a person belonging to the Promoter Group;
  - (b) a Director who either by himself /herself or through his/her relatives or through anybody corporate, directly or indirectly, holds more than 10% of the outstanding Shares of the Company; and
  - (c) an Independent Director of the Company within the meaning of the Companies Act and/or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- l) **“Employee Stock Option”** or **“Option”** means an option (in the form of either employee stock options or restricted stock units or thank you grants) granted to an Employee, which gives eligible Employee the right, but not an obligation, to purchase or subscribe and be allotted, at a future date, Share(s) underlying such option at a pre-determined price.
- m) **“ESOP 2022”** or **“Plan”** means this ‘Aarvi - Employee Stock Option Plan 2022’ under which the Company is authorized to grant Options to the Employees.

n) **“Exercise”** of an Option means making of an application by an Option



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Executive Director

Grantee to the Company for issue of Shares underlying the Options vested in him, in pursuance of this Plan, in accordance with the procedure laid down by the Company for Exercise of Options.

- o) **“Exercise Date”** means the date on which the employee elects to exercise the options.
- p) **“Exercise Period”** means such time period commencing after Vesting within which the Employee should exercise the Options vested in him in pursuance of this Plan, as more particularly specified at Sub-clause 8.2 of this Plan.
- q) **“Exercise Price”** means the price determined by the Committee as per provisions of this Plan and specified in the Grant Letter, being payable by an Employee on the Exercise of Options vested in him in pursuance of this Plan.
- r) **“Fair Market Value”** The term ‘Fair Market Value’ shall refer to “Market Price” within the meaning of the SEBI SBEB Regulations
- s) **“Market Price”** means the latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date.
- t) **“Relevant date”** means,-  
(i) in the case of grant, the date of the meeting of the compensation committee on which the grant is made; or  
(ii) in the case of exercise, the date on which the notice of exercise is given to the company or to the trust by the employee;
- u) **“Grant”** means issue of Options to the Employees by the Company under this Plan.



v) **“Grant Date”** means the date specified in the Employee Stock Option

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Executive Director

Agreement on which a grant is made to an eligible employee by Aarvi.

- w) **“Grant Letter”** means the formal communication, including written or electronic agreement, as regards Grant made by the Company to the Employee containing specific details of the Grant.
- x) **“Listing”** means listing of the Company’s Shares on any recognized Stock Exchange and deems to include any initial public offering of Shares.
- y) **“Misconduct”** includes any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to violation or breach of terms of employment as determined by the Board [after giving the Employee an opportunity of being heard]:
- (i) dishonest statements or acts of an Employee, with respect to the Company;
  - (ii) any misdemeanour involving moral turpitude, deceit, dishonesty or fraud committed by the Employee;
  - (iii) gross negligence, misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company;
  - (iv) breach by the Employee of any terms of his employment agreement or the Company’s policies or other documents or directions of Company;
  - (v) participating or abetting a strike in contravention of any law for the time being in force; or
  - (vi) misconduct as provided under the labour laws after following the principles of natural justice.
- z) **“Option Grantee”** means an Employee who has been granted an Option and has accepted such Grant as required under this Plan.

aa) **“Permanent Disability”** means any permanent disability of whatsoever



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*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 occurrence of such disability, as determined by the Nomination and Remuneration Committee/Trust [based on a certificate of a medical expert identified by the Board/Committee].*

- bb) **"Promoter"** shall have the meaning assigned to it under the Companies Act or Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, as applicable.
- cc) **"Promoter Group"** means (a) an immediate relative of the Promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose Shareholding is aggregated for the purpose of disclosing 'shareholding of the promoter group' in the offer document or as updated from time to time with the Stock Exchange where the equity shares are listed.
- The term "Promoter Group" defined hereinabove shall have meaning as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- dd) **"Retirement"** means retirement as per the rules of the Company.
- ee) **"SEBI SBEB and SE Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021, as amended from time to time read with all circular and notifications issued thereunder.
- ff) **"Shares"** means equity shares of the Company of face value of Rs. 10 (Ten) each fully paid-up including the equity shares arising out of the Exercise of Options granted under this Plan.



- gg) **“Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited, or any other recognized Stock Exchange in India on which the Company’s Shares are listed or to be listed in future.
- hh) **“Subsidiary(ies)”** means any present or future subsidiary company(ies) of the Company, as per the provisions of the Companies Act.
- ii) **“Unvested Option”** means an Option, which is not a Vested Option.
- jj) **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option.
- kk) **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him, in pursuance of this Plan.
- ll) **“Vesting Condition”** means the condition prescribed, if any, subject to satisfaction of which the Options granted would vest in an Option Grantee.
- mm) **“Vesting Period”** means the period during which the Vesting of the Option granted to the Employee, in pursuance of this Plan takes place.

## 2.2 Interpretation

In this Plan, unless the contrary intention appears:

- (a) the Clause headings are for ease of reference only and shall not be relevant for interpretation;
- (b) a reference to a clause number includes a reference to its Sub-clauses;

(c) words in singular number include the plural and vice versa;



- (d) words importing a gender include any other gender;
- (e) a reference to a schedule includes a reference to any part of that schedule which is incorporated by reference;
- (f) for the purposes of any calculation under this Plan any fraction will be rounded up or down to the nearest integer; and
- (g) the terms defined above, including their grammatical variations and cognate expressions, shall, unless repugnant to the context or meaning thereof, for the purposes of this Plan have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Laws including SEBI SBEB and SE Regulations, as the context requires. Reference to any Act, Rules, Statute or Notification shall include any statutory modifications, substitution or re-enactment thereof.

### 3. Authority and Ceiling

3.1 The shareholders of the Company have vide their special resolution dated 29<sup>th</sup> July, 2022 approved this Plan authorizing the Committee to grant not exceeding 7,39,200 (Seven Lakhs Thirty Nine Thousand Two Hundred Only) Options to the eligible Employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 7,39,200 (Seven Lakhs Thirty Nine Thousand Two Hundred Only) Shares, with each such Option conferring a right upon the Employees to apply for one Equity Share in the Company in accordance with the terms and conditions as may be decided under this Plan.

3.2 The maximum number of Options that may be granted to each Employee shall vary depending upon the designation and the appraisal/assessment process. However, it shall not exceed 1,00,000 Options per eligible Employee. However, the Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling.



- 3.3 If any options granted under the Plan are terminated/ forfeited/ lapsed under the provisions of the Plan, such options shall be available for further grants under the Plan. The Plan shall remain in effect until all options granted under the Plan have been exercised or have expired by reason of lapse of time, whichever is earlier.
- 3.4 Where Shares are issued consequent upon Exercise of an Option under this Plan, the maximum number of Shares that can be issued in Clause 3.1 above shall stand reduced to the extent of such Shares issued.
- 3.5 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Shares available for being issued under Plan as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs. 10 per Share and the revised face value after the Share split is Rs. 5 per Share, the total number of Shares available under Plan would be 14,78,400 (Shares reserved at Sub-Clause 3.1 x 2) Shares of Rs. 5 each. Similarly, in case of bonus issue, rights issue, etc. the available number of Shares under Plan shall be revised to restore the value, in terms of Clause 4.2(h) of this Plan.
- 3.6 If the number of Options that may be offered to eligible Employees, during any one year, shall be equal to or more than 1% (one percent) of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant of Options, then the Company shall take prior approval from members of the Company in accordance with applicable law.

#### 4. Administration

- 4.1 This Plan shall be administered by the Committee. All questions of



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Executive Director

interpretation of this Plan or any Option shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in this Plan or in any Option issued thereunder.

4.2 The Committee shall, in accordance with this Plan and Applicable Laws, determine the following:

- (a) the quantum of Options to be granted under this Plan per Employee, subject to the ceiling as specified in Para 3.1 and 3.2;
- (b) the Eligibility Criteria for grant of Option to the Employees;
- (c) The time when the Options are to be granted;
- (d) The number of Options to be granted to each Option Grantee;
- (e) The terms and conditions subject to which the Options granted would vest in the Option Grantee;
- (f) The date of Vesting of the Options granted;
- (g) Obtaining permissions from, making periodic reports to, regulatory authorities, as may be required and ensuring compliance with all guidelines applicable in this regard;
- (h) The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration by the Committee:
  - (i) the number and price of Options shall be adjusted in a manner such that total value of the Options in the hands of the Option Grantee remains the same after such corporate action; and
  - (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.



- (i) The procedure and terms for the Grant, Vesting and Exercise of Options in case of Option Grantees who are on a long leave;
- (j) the conditions under which Option vested in Employees may lapse in case of termination of employment for fraud or misconduct;
- (k) Approve forms, writings and/or agreements for use in pursuance of this Plan;
- (l) The procedure for cashless exercise of Options, if any;
- (m) the procedure for buy-back of specified securities issued, if to be undertaken at any time by the company, and the applicable terms and conditions
- (n) Identify the eligible Employees from time to time;
- (o) Determine the Exercise Price of the Options granted;
- (p) The right of an Option Grantee to Exercise all the Options vested in him at one time or at various points of time within Exercise Period;
- (q) The vesting and exercise of Options in case of Grantee who has been transferred or whose services have been seconded to any other entity within the Group at the instance of the Company;
- (r) Arranging to get the Shares, issued under the Plan listed on the Stock Exchanges on which the Shares of the Company are already listed or may be listed in future; and
- (s) Formulate suitable policies and procedures to ensure that there is no violation of Applicable Laws, in relation to this Scheme by the Company/ Board/ shareholders/ participants.
- (t) Appoint consultants, intermediaries/advisors including merchant bankers, registrars, trustees as may be required to be appointed for the purpose of implementation of the Plan and to determine the terms and



conditions of their appointment including particulars relating to fees, commission etc.

## 5. Eligibility and Applicability

- 5.1 Only Employees defined under this Plan are eligible for being granted Options under Plan. The specific Employees to whom the Options would be granted, and their Eligibility Criteria would be determined by the Committee at its sole discretion.
- 5.2 This Plan shall be applicable to the Company and its Subsidiary(ies) in or outside India and any successor of the Company and any successor Company thereof and may be granted to the Employees of the Company or its Subsidiary(ies), as determined by the Committee at its sole discretion.
- 5.3 Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Committee at its sole discretion, from time to time.
- 5.4 An Option agreed to be made to a prospective employee upon the condition that such person becomes a permanent employee, shall be deemed to have been granted, effective on the date as specified in the employment contract or he becoming a permanent employee, whichever is later.
- 5.5 The Committee shall determine the exercise price of the options granted under the Plan.

## 6. Grant and Acceptance of Grant

### 6.1 Grant of Options

- (a) Grants contemplated under this Plan shall be made on such day and month as decided by the Committee at its discretion.
- (b) Each Grant of Option under this Plan shall be made in writing by the Company to the eligible Employees by way of Grant Letter



containing specific details of the Grant, and disclosure requirements, as prescribed under Applicable Laws and will specify the number of Options to which the Option Grantee is entitled, the Exercise Price, method of payment, the Closing Date of accepting the offer and such other details as the Committee may specify.

- (c) No amount is payable by the Grantee at the time of grant of options.

## 6.2 Acceptance of the Grant

- (a) Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company a duly signed acceptance of the Grant, or in such other manner as specified by the Committee, on or before the Closing Date, as specified in the Grant Letter.
- (b) On duly receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee. Failure to deliver such acceptance before the specified date, shall result in rejection of the Grant and lapse of Options, unless the Committee determines otherwise.

## 7. Vesting Schedule/ Conditions

7.1 Except in case of demise or Permanent Incapacity of the Participant as specified in the Scheme, Options shall Vest pursuant to the Scheme in the following manner:

- a) 20% of the Options Granted initially shall Vest at the end of one year from the relevant Grant Date;
- b) Another 20% of the Options Granted initially shall Vest at the end of two years from the relevant Grant Date;
- c) Next 20% of the Options Granted initially shall Vest at the end of three years from the relevant Grant Date;
- d) Next 20% of the Options Granted initially shall Vest at the end of four years from the relevant Grant Date; and





e) Balance 20% of the Options Granted initially shall Vest at the end of five years from the relevant Grant Date;

7.2 Notwithstanding anything to the contrary in this Scheme, the Committee shall be entitled, in its absolute discretion, to vary or alter the Vesting schedule, as it may deem fit in accordance with the applicable law, subject to a minimum vesting period of 1 (one) year from the Grant date or such other period as may be prescribed by SEBI from time to time). Provided, however, that such variation shall not be to the disadvantage of the Participants.

**Provided that** in case where Options are granted by the Company under this Plan in lieu of options held by a person under a similar Plan in another company ("**Transferor Company**") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause.

7.3 Vesting of Options would be subject to continued employment with the Company including Subsidiary(ies) and thus the Options would vest essentially on passage of time. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.

7.4 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the Grant Letter. Subject to Applicable Laws, in case of any conflict or inconsistency between the Grant Letter and the terms of this Plan, the terms of the Grant Letter shall prevail, provided the key terms of such Grant Letter shall be in furtherance to the provisions of this Plan.

7.5 **Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included



to calculate the Vesting Period unless otherwise determined by the Committee.

## 8. Exercise

### 8.1 Exercise Price

The Exercise Price shall be as decided by the Committee, in compliance with the accounting policies as specified in SEBI SBEB and SE Regulations, as on date of Grant but in any case, shall not be less than the face value of Shares of the Company. The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.

### 8.2 Exercise Period

#### (a) Exercise while in employment/ service:

The Exercise Period in respect of a Vested Option shall be subject to a maximum period of **5 (Five) years** commencing after the date of Vesting of such Option. The specific Exercise Period shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.

#### (b) Exercise Period in case of separation from employment/ service:

Subject to maximum Exercise Period stated above, such Vested Options can be exercised as under:

S. No.	Events of Separation	Vested Options	Unvested Options
1	<b>Resignation termination</b> (other than due to Misconduct or due to breach of Company policies/terms of employment)	/ All the Vested Options as on date of resignation / termination shall be exercisable by the Option Grantee prior to the last working day in the Company.	All the Unvested Options as on date of resignation/ termination shall stand cancelled with effect from date such resignation is applied for or termination announced.



S. No.	Events of Separation	Vested Options	Unvested Options
2	<b>Termination due to Misconduct or due to breach of Company policies/terms of employment</b>	All the Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination.
3	<b>Retirement</b>	All the Vested Options as on date of Retirement can be exercised by the last working day in the Company.	All the unvested shall stand vested 60 days prior to the date of retirement, which the retiring employee may exercise prior to the date of retirement.
4	<b>Death while in employment</b>	All the Vested Options can be exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than 365 days from the date of death of the Option Grantee.	All the Unvested Options as on date of death shall be deemed to vest immediately in the Option Grantee's nominee or legal heir and can be exercised by the Option Grantee's nominee or legal heir [as per provisions applicable to Vested Options and the same shall be exercised not later than 365 days from the date of death of the Option Grantee].
5	<b>Permanent Disability</b>	All the Vested Options can be exercised by the Option Grantee or failing the Option Grantee, by the nominee/ legal heir immediately, but in no event later than 365 days from the date of incurring such disability.	All the Unvested Options as on date of incurring of such incapacity shall be deemed to Vest immediately with the Option Grantee and can be exercised by the Option Grantee or failing the Option Grantee, by the nominee/ legal heir [as per provisions applicable to Vested Options and the same shall be exercised not later than 365 days from the date of incurring such disability].



S. No.	Events of Separation	Vested Options	Unvested Options
6	Abandonment of employment	All the Vested Options shall stand cancelled. The date of cancellation of such Options shall be determined by the Board which shall be final and binding.	All the Unvested Options shall stand cancelled. The date of cancellation of such Options shall be determined by the Board which shall be final and binding.
7	Other reasons apart from those mentioned above	The Board will decide whether the Vested Options which were not exercised as on that date can be exercised by the Option Grantee/nominee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from such date unless otherwise decided by the Board.

8.3 In the event that an employee who has been granted benefits under the scheme is transferred or deputed to an associate or group 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.

8.4 The Options shall be deemed to have been exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Committee, for obtaining of Shares against the Options vested in him, subject to payment of Exercise Price, applicable taxes and compliance of other requisite conditions of Exercise.

8.5 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

8.6 All the options shall be exercised during the exercise period window which will be intimated by the Company Secretary from time to time.

**8.7 Employees on Long Leave:**

Long leave of the Employee upto 4 months shall not have any effect on the ESOP 2022 as applicable to the Employee. However for long leave of the



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**For AARVI ENCON LTD.**  
**Executive Director**

Employee beyond 4 months, 20% of the unvested options which they are eligible to receive shall lapse. The exercise period of the Employee who are on long leave shall be as per the original exercise period as per the scheme or six months from the date of joining of duty whichever is later. Granting of the options to the employees is absolute discretion of the Nomination and Remuneration Committee subject to the conditions contained in this scheme.

Unauthorized Long leave would dis-entitle the option grantee's eligibility to participate in this ESOP 2022 and all unexercised options granted to such employee shall lapse and be forfeited.

## 9. Change In Capital Structure or Corporate Action

- 9.1 Except as hereinafter provided, a grant made under the Plan shall be subject to adjustment, by the Committee, at its discretion as to number of options, exercise price of options or Shares, the time period of vesting or exercise as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.
- 9.2 The existence of the Plan and the grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the company to make or authorise any 'Change in Capital Structure' or any 'Corporate Action' including any issue of shares, debt or other securities having any priority or preference with respect to the shares or the rights thereof.
- 9.3 If there is a 'Change in the Capital Structure' of the company before the options granted under this Plan are exercised, the eligible employee shall be entitled on exercise of the options, to such number of Resultant Shares to which he would have been entitled as if all the options not exercised by him had been exercised by him before such 'Change in the Capital Structure' of the company had taken place and the rights under the options shall stand correspondingly adjusted.
- 9.4 The Shares in respect of which the options are granted, are Shares as presently constituted. However, if prior to the expiry of the exercise period



there is a 'Change in the Capital Structure' of the company, the number of Shares with respect to which the options may thereafter be exercised shall, in the event of:

- a) An increase in the number of Resultant Shares, be proportionately increased, and the exercise price, be proportionately reduced.
- b) a reduction in the number of Resultant Shares, be proportionately reduced, and the exercise price, be proportionately increased.

Provided further that in case the provisions of applicable law restrict/ prohibit the issue of shares at a discount to its par value, the exercise price shall not be less than the amount as prescribed under such law

9.5 In the event of 'Corporate Action', the Committee, at least seven days prior to any 'Corporate Action' or thirty days thereafter, shall in respect of the outstanding options act on any of the alternatives as it may deem fit, provided the same is not prejudicial to the interest of the eligible employee, including the following:

- a) Provided that on any exercise of options hereafter, the eligible employee shall be entitled to the Shares and/ or Resultant Shares as if the eligible employee had been a Holder of the Shares on exercise of the options.
- b) Make such adjustments to the options outstanding to reflect the 'Corporate Action', as may be necessary,
- c) Substitute the options granted, by fresh options whether in the company or another company, which have substantially the same terms as the options granted under this Plan.
- d) If after the Corporate Action, the term of the Plan becomes detrimental or less beneficial to eligible employees, the Compensation Committee may accelerate the vesting and/ or the exercise of the options so that the options are to be compulsorily exercised before the date specified by the Compensation Committee, failing which they shall lapse.
- e) Require the mandatory surrender to the company, by all or some of the eligible employee, of all or some of the outstanding options, irrespective of whether, the options, have vested or not, as on that date. In such an event



the Compensation Committee shall pay to such eligible employee an amount, in cash or otherwise, per option, as the case may be, of the "Surrender Value" after deducting the balance exercise price payable, if any.

Provided however that unless specifically agreed upon by the Board, all unvested options on the date of any Corporate Action shall lapse and the eligible employee shall not be entitled to any compensation of any nature whatsoever.

9.6 **Tag along right:** In the event of Corporate Action, if the majority shareholder sell their shareholding or part thereof, the option shareholders having vested right or minority shareholders, would be entitled to sell their options/shareholding in similar proportion to the majority shareholder.

9.7 **Drag along right:** In the event of Corporate Action, before listing of the Company, wherein the proposed buyer wishes to acquire Shares of the employees obtained by exercising options under the Plan, in such an event the option shareholders having vested right or minority shareholders, would be mandatorily required to sell their options/shareholding as required by the investors.

Provided however that unless specifically agreed upon by the Board, all unvested options on the date of any Corporate Action shall lapse and the employee shall not be entitled to any compensation of any nature whatsoever. In case of a Corporate Action, the decision of the Board shall be final and binding.

9.8 Where the company makes a further issue of capital upon which all the existing shareholders of the company are offered a right to subscribe for the further issue of capital at a price lower than the Market Price, (hereinafter called "the Rights Issue"), the Board may in its absolute discretion, permit the eligible employees to subscribe pro-rata to the additional shares on the same



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For AARVI ENCON, LTD.  
Executive Director

terms and conditions as the right issue, as if all the options not exercised by him had been exercised by him before such "Change in the Capital Structure" of the company, had taken place. Such newly subscribed shares or other securities shall be issued on such terms and conditions as may be determined or deemed fit by the Board.

Notwithstanding anything contained hereinabove and in the alternative, in the event the company comes out with a rights issue and/ or announces bonus shares, the Compensation Committee shall have the right to cancel all or part of the outstanding grants whether vested or unvested and make fresh grants on terms not prejudicial to the employees, including allowing the eligible employees to accelerate the vesting to enable them to exercise the options such that the eligible employees can participate in the rights and/ or bonus issue in the same manner as the other eligible shareholders.

- 9.9 In case of change in Capital Structure/ Corporate Action, the decision of the Board shall be final and binding.

## 10. Lock-in

The Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such issue except as required under the Applicable Laws including that under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended or code of conduct framed, if any, by the Company after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended. The Board/ Committee may impose such other additional conditions (including but not limited to performance conditions) as may be deemed appropriate for transfer of Shares acquired under this Plan.

## 11. Restriction on transfer of Options

- 11.1 The Options shall not be pledged, hypothecated, mortgaged or otherwise





encumbered or alienated in any other manner.

- 11.2 Options shall not be transferable to any person except in the event of death of the Option Grantee while in employment, in which case provisions of Sub-clause 8.2(b) would apply.
- 11.3 No person other than the Employee to whom the Option is granted shall be entitled to the benefits arising out of such Options except in the event of the death [or Permanent Disability] of the Option Grantee, in which case provisions of Sub-clause 8.2(b) would apply.

## 12. Other Terms and Conditions

- 12.1 The Board is authorized to do such acts, deeds and things including but not limited to amendment of this Plan to make this Plan compliant of any Applicable Laws prevailing at that time.
- 12.2 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder of the Company in respect of Options granted, till the time Shares are issued upon exercise of such Options.
- 12.3 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus Shares, rights Shares, dividend, voting, etc.) in respect of any Shares covered under the Grant unless the Option Grantee exercises the Option and thereupon, becomes a registered holder of the Shares of the Company.
- 12.4 If the Company issues bonus or rights Shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Sub-clause 4.2(h) of this Plan.

## 13. Deduction/ recovery of Tax

- 13.1 The liability of paying taxes, if any, in respect of Options granted pursuant to



this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee /his nominee/ legal heir (as the case may be) and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees working abroad, if any, and if such Option Grantee (or his nominee/ legal heir) is a resident in a territory outside India, its shall also be in accordance with tax laws applicable to such territory.

- 13.2 The Company shall have the right to deduct from the Option Grantee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 13.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

#### 14. Authority to vary terms

- 14.1 The Committee of the Board may, if it deems necessary, vary the terms of Plan, subject to the Applicable Laws and approval of the shareholders of the Company in a general meeting in such manner that such variation is not detrimental to the interest of the Employees. Provided that the Company shall be entitled to vary the terms of the scheme to meet any regulatory requirements.
- 14.2 The Company may also re-price the Options which are not exercised, whether or not they have vested, if this Plan is rendered unattractive due to fall in the price of the Shares.

#### 15. Miscellaneous

- 15.1 Government Regulations



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For AARVI ENCON LTD.  
Executive Director

This Plan shall be subject to all Applicable Laws, and approvals from governmental authorities.

15.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue such Shares.

15.3 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Option on any other occasion.

15.4 The rights granted to an Option Grantee upon the grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

15.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Option in whole or in part.

15.6 Participation in this Plan shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Option Grantee alone.

15.7 Nothing contained in this Plan shall be construed to prevent the Company from implementing any other new plan for granting stock options (by way of



options) and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest. No Employee or other person shall have any claim against the Company as a result of such action.

15.8 The existence of this Plan and any Grant made hereunder shall not in any way affect the right or power of the Board or shareholders of the Company to make or authorize any change in capital structure, including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares of the Company or the rights thereof or from making any corporate action which is deemed to be appropriate on in its best interest,. No Employee or other person shall have any claim against the Company as a result of such action.

15.9 Application for Listing

The Company shall take all necessary steps for the listing of the Shares arising out of exercise of options granted under this scheme promptly (including obtaining in-principle approval, listing and trading approval etc.) on the Stock Exchanges where the Company's Equity Shares are listed, as per the terms of the existing listing agreements with them and as required under the SEBI SBEB Regulations.

**16. Accounting and Disclosures**

16.1 The Company shall follow the rules/regulations applicable to accounting of Options with reference to Fair Market Value of Shares as on date of Grant.

16.2 The rules/regulations to be followed shall include but not limited to the IND AS/ Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.

**17. Governing Laws and jurisdiction**

17.1 The terms and conditions of this Plan shall be governed by and construed in



accordance with the Applicable Laws of India including the foreign exchange laws.

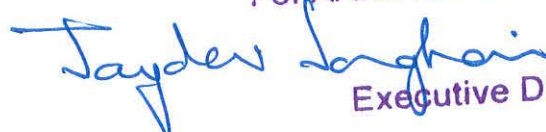
- 17.2 The High Court at Mumbai and Courts subordinate to it shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan.
- 17.3 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this Plan:
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

## 18. Notices

- 18.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this Plan shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company; or delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or emailing the communication(s) to the Option Grantee at the official email address provided, if any, during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.
- 18.2 Any communication to be given by an Option Grantee to the Company in respect of Plan shall be sent at the address mentioned below or e - mailed at:

**Company Secretary**  
**Aarvi Encon Limited,**  
603, B1 Wing, Marathon Innova,  
Marathon Nextgen Complex,  
Lower Parel (W), Mumbai – 400013  
Email: cs@aarviencon.com



For AARVI ENCON LTD.  
  
Executive Director

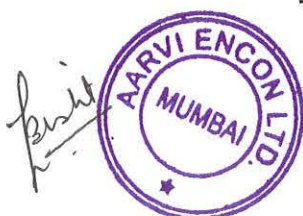
## 19. Severability

In the event any one or more of the provisions contained in this Plan shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Plan in which case this Plan shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and this Plan shall be carried out as nearly as possible according to its original intent and terms.

## 20. Confidentiality

- 20.1 An Option Grantee must keep the details of this Plan and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this confidentiality Clause, the Company has undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately unless otherwise determined by the Board. The decision and judgment of the Company regarding breach of this confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board shall have the authority to deal with such cases as it may deem fit.
- 20.2 On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of this Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

-----End of Plan-----



Jaydev Singh  
For AARVI ENCON LTD.  
Executive Director