

VST INDUSTRIES LIMITED EMPLOYEE STOCK OPTION PLAN-2020

1. NAME AND OBJECTIVE AND TERM OF THE PLAN

- 1.1. This Plan shall be called the “VST Industries Limited Employee Stock Option Plan-2020” which expression shall include any alterations, amendments or modifications hereto from time to time including applicable laws.

The Plan shall be subject to such regulatory approvals as may be required from time to time and shall be in accordance with the regulations prescribed by Securities and Exchange Board of India (“SEBI”) and / or any other regulatory authority as applicable to the Company and shall not contravene any other law, for the time being in force that is material for giving effect to such Plan.

- 1.2. The objectives of the Plan are:

a) to enable the eligible employees to share and contribute towards sustained growth of the Company and creation of shareholder value by aligning the interests of the employees with the long-term objective of the Company;

b) to create a sense of ownership and to enable long-term wealth creation for eligible employees that is in line with the growth of the Company;

c) to provide means to enable the Company to attract and retain appropriate talent;

- 1.3. The Plan is established and shall continue to be in force until (i) its termination by the Board (as defined hereinafter), or (ii) the date on which all the Options (as defined hereinafter) available for issuance under the Plan have been issued and Exercised (as defined hereinafter) or have been cancelled or lapsed or surrendered under the Plan and the Nomination and Remuneration Committee does not intend to re-issue these cancelled or lapsed or surrendered Options.

2. DEFINITIONS

- 2.1. “**Applicable Law**” shall mean and include every law, rule, regulations or bye-law relating to the employee stock options, including, without limitation, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 or such other laws to the extent applicable, including any amendment thereto and all other relevant tax, securities, exchange control or corporate laws, rules,

regulations or bye- laws of India or any relevant jurisdiction, or of any stock exchange on which the equity shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws;

2.2. **“Board of Directors”** or **“Board”** means the Board of Directors for time being of the Company which includes any Committee(s) authorized by the Board of Directors in this behalf;

2.3. **“Cause”** means, as determined by the Nomination and Remuneration Committee and shall include instances where an Eligible Employee:

- (a) breaches any of the terms of this Plan, the employment agreement or such other document governing the employment of the Eligible Employee, the breach of which is either
 - (i) incapable of remedy; or
 - (ii) if capable of remedy, has not been remedied by the Eligible Employee within a period of 15 (fifteen) days after receipt of notice of such breach from the Company or where the Eligible Employee refuses or neglects to comply with any reasonable and lawful directions of the Company; or
- (b) commits any act of gross misconduct or repeats or continues (after warning) any other fraudulent or material or serious breach of his obligations under the employment agreement and/or this Plan; or
- (c) is found guilty of moral turpitude, fraud, misrepresentation, dishonesty, gross negligence, or such similar activities; or
- (d) is found guilty of any conduct which in the opinion of the Nomination and Remuneration Committee brings him/her and the Company into serious disrepute or detrimental to the interest of the Company, any of its affiliates, monetarily or otherwise; or
- (e) has submitted false and/or forged documents of qualifications, experience, certificates, etc. or made false representation and/or suppressed any material or relevant information required to be disclosed by him/her; or
- (f) fails or ceases to meet the requirements of any regulatory body whose consent is required to enable him/her to undertake all or any of his/her duties

under this Plan or is guilty of a serious breach of the rules and regulations of such regulatory body or any of the policies of the Company; or

- (g) is in serious breach of the policies issued by the Company from time to time including anti-bribery and/or its electronic communication systems; or
 - (h) makes wrongful disclosure of any secret or confidential information about the Company to any third party; or
 - (i) is convicted by a court of competent jurisdiction of a criminal offence or indicted of any criminal offence, which in the reasonable opinion of the Nomination and Remuneration Committee, will detrimentally affect the Company; or
 - (j) has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force or the Eligible Employee is liable to be dealt with in any way under the Applicable Laws relating to mental health; or
 - (k) has become an undischarged insolvent or has applied to be adjudicated as an insolvent and the application is pending; or has been declared as fugitive economic offender under the “Fugitive Economic Offenders Act, 2018”;
 - (l) has been in continued absence, without formal request or permission from the management of the Company as per the applicable rules of the Company and as may be determined by the Nomination and Remuneration Committee based on the circumstances of the case, the Eligible Employee has been deemed to have abandoned, left and relinquished his service with the Company;
- 2.4. **“Change of Control”** means a change of control of the Company or acquisition of shares or voting rights in the Company which triggers the requirement on the part of such acquirer to make an open offer in accordance with the provisions of the Securities & Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations 2011 including any amendment thereof;
- 2.5. **“Company”** means VST Industries Limited and its successor or assigns;
- 2.6. **“Corporate Action”** means one of the following events:
- a) issue of shares, including but not limited through bonus or rights Shares;

- b) stock split/consolidation
- c) the merger, de-merger, spin-off, sub-division, consolidation, amalgamation, sale of business (except to a subsidiary) 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; or
 - ii. any securities of any other issuer; or
 - iii. cash; or
 - iv. other property;
- d) the sale, lease or exchange of all or substantially whole of the assets/undertaking of the Company to any other company or entity (except to a Subsidiary); or
- e) the adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.

2.7. **"Eligibility Criteria"** means the criteria as may be determined by the Nomination and Remuneration Committee, from time to time, for granting the Option to the Eligible Employees;

2.8. **"Eligible Employee"** shall mean

- a) A permanent employee of the Company who has been working in India or outside India; or
- b) A Director of the Company, whether a whole time director or not but excluding an independent director; or
- c) An employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, or of a holding Company of the Company
but does not include –

(1) An employee who is a promoter or a person belonging to the promoter group; or

(2) A director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

- 2.9. **“Exercise”** means making of an application i.e. Exercise Letter by an option grantee for issue of Shares against the Stock Options vested in pursuance of the Plan;
- 2.10. **“Exercise Letter”** means the letter prescribed by the Nomination and Remuneration Committee for the purpose of exercising the vested Stock Options along with the Exercise Price;
- 2.11. **“Exercise Period”** means the time period after vesting, up to a maximum period of 4(Four) years, as determined by the Nomination & Remuneration Committee in the Grant Letter within which an Eligible Employee/Grantee should Exercise his right to apply for Shares against the vested Stock Options in pursuance of the Plan;
- 2.12. **“Exercise Price”** means the price, if any, payable by the Eligible Employee/Grantee for exercising the Stock Options granted to him in pursuance of the Plan as may be determined by the Nomination & Remuneration Committee and mentioned in the Grant Letter;
- 2.13. **“Grant”** means the issue of Stock Options under the Plan as per the terms of Grant Letter issued to the Eligible Employee.
- 2.14. **“Grant Date”** means the date on which the Nomination & Remuneration Committee approves the Grant of such Stock Options to an Eligible Employee pursuant to the Plan or as maybe mentioned in the Grant Letter;
- 2.15. **“Grant Letter”** means the letter issued by the Company intimating the Eligible Employee of Grant of specified number of Options;
- 2.16. **“Grantee”** or **“Option Grantee”** means an Eligible Employee who has been granted Options in pursuance of the Plan;
- 2.17. **“Holding Company”** means existing or any future holding company of the Company, as defined in the Companies Act, 2013.
- 2.18. **“Stock Option”** or **“Option”** means the option given to an Eligible Employee/Grantee that gives him a right to purchase Shares from the Trust on Exercise of Vested Option at an Exercise Price but not an obligation granted to the Grantee under the Plan to purchase Shares of the Company, during or within the Exercise Period;

- 2.19. **“Nomination and Remuneration Committee”** or **“Committee”** means the Nomination and Remuneration Committee constituted by the Board from time to time under Section 178 of the Companies Act, 2013, which shall also perform the role of the Compensation Committee under the SEBI (SBEB) Regulations;
- 2.20. **“Permanent disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Employee was 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.
- 2.21. **“VST-ESOP 2020”** or **“the Plan”** means the VST Industries Limited Employee Stock Option Plan-2020;
- 2.22. **“Promoter”** or **“Promoter Group”** shall have the same meaning assigned to it under the SEBI (SBEB) Regulations;
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
- 2.23. **“Retirement”** means retirement as per the rules of the Company.
- 2.24. **“SEBI (SBEB) Regulations”** means SEBI (Share Based Employee Benefits) Regulations, 2014 as may amended from time to time;
- 2.25. **“Secondary Acquisition”** means acquisition of existing Shares of the Company from the secondary market by the Trust subject to SEBI (SBEB) Regulations as amended;
- 2.26. **“Shares”** means equity shares of the Company issued and listed on the recognized stock exchange from time to time in accordance with the Applicable Laws;
- 2.27. **“Subsidiary Company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 2013;
- 2.28. **“Termination”** means cessation of employment from the Company on account of death, permanent disability, resignation or for any other reason whatsoever;

- 2.29. **"Trust"** means an irrevocable trust established under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for holding the Shares for the benefit of the Eligible Employees in accordance with the terms and conditions of this Plan and SEBI (SBEB) Regulations;
- 2.30. **"Trustee"** means the trustee of the Trust;
- 2.31. **"Unvested Option"** means an Option in respect of which the relevant vesting period is not completed;
- 2.32. **"Vesting"** means the process by which the Eligible Employee becomes entitled to receive the benefit of a Grant made to him pursuant to Plan;
- 2.33. **"Vested Option"** means an Option in respect of which the relevant vesting period is completed and has become eligible to be exercised;
- 2.34. **"Vesting Period"** means the period up to 3(Three) years commencing from the date of Grant of Options to an Eligible Employee, during which the vesting of the Options granted to Eligible Employee shall take place, in pursuance of the Plan and in the manner set forth in the Grant Letter.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the SEBI (Share Based Employee Benefits) Regulations, 2014, Securities Contract (Regulation) Act, 1956 and all other applicable regulations and provisions of law for the time being in force and shall be subject to any modifications or amendments or re-enactments thereof effected from time to time by way of an ordinance or legal enactment.

3. INTERPRETATION

In this Plan, unless the contrary intention appears:

- 3.1 The Clause headings are for ease of reference only and shall not be relevant to interpretation;
- 3.2 The singular includes the plural and vice versa;
- 3.3 Any word or expression importing the masculine, feminine or neutral genders only, shall be taken to include all three genders;

- 3.4 A reference to a Clause or a Sub-Clause, unless otherwise specified, is a reference to a Clause or Sub-Clause as the case may be of this Plan; and
- 3.5 References in this Plan to statutory provisions shall be construed as references to those provisions as modified or re-enacted from time to time (whether before or after the date of this Plan) and to any subordinate legislation made under such provisions and shall include references to any repealed statutory provision which has been so re-enacted (whether with or without modification).

4. SCOPE, ELIGIBILITY AND SHARES SUBJECT TO THE PLAN

- 4.1. The Plan shall apply to all Eligible Employees (excluding those whose employment is of a temporary or casual nature) engaged in such Grades and/or Levels as may be decided at the discretion of the Nomination and Remuneration Committee from time to time.
- 4.2. Subject to adjustment in case of any Corporate Action which has the effect of alteration of the paid-up share capital of the Company, the maximum aggregate number of Shares that may be issued under this Plan shall not exceed 7,70,000 equity shares of the face value of Rs. 10/- each fully paid-up or up to 5% of the paid-up equity share capital of the Company, whichever is higher.
- 4.3. The Nomination and Remuneration Committee shall determine the number of Options to be granted to the Eligible Employee/s based on the eligibility criteria and thereby may, from time to time, grant Options to one or more Eligible Employees. The maximum number of Shares with respect to the Options which may be granted to a single Eligible Employee under this Plan shall be less than 1% (one per cent) of the issued share capital of the Company at the time of Grant.
- 4.4. The Eligible Employees identified for Grant of Options shall be furnished with:
- (i) the Grant Letter;
 - (ii) the disclosures prescribed under the SEBI (SBEB) Regulations including the salient features of the Plan;
 - (iii) the Exercise Letter; and
 - (iv) Nomination Form and such other documents as may be prescribed by the Nomination and Remuneration Committee from time to time.

- 4.5. An Eligible Employee who wishes to accept the Grant made, must signify his acceptance in the manner specified by the Nomination and Remuneration Committee within 30 (Thirty) days from the Grant Date. Any Eligible Employee, who fails to communicate his acceptance within the stipulated time, is deemed to have rejected the Grant unless otherwise determined by the Nomination and Remuneration Committee.
- 4.6. In the event, a Grantee is a nominee of an institution nominated by such institution as its representative on the Board, then such Eligible Employee shall comply with the disclosure requirements as provided under the Explanation to Regulation 4 of SEBI (SBEB) Regulations.

5. ADMINISTRATION OF THE PLAN

- 5.1 The Plan shall be implemented through the Trust and administered by the Nomination and Remuneration Committee in accordance with the provisions of the Companies Act, 2013 and the SEBI (SBEB) Regulations. The issuance of Shares from the Trust by the Trustees will be under the guidance and advice of the Nomination and Remuneration Committee.
- 5.2 The Trust shall hold the Shares, for and on behalf of the Grantees, in accordance with the terms and conditions of this Plan. The Trust shall acquire Shares by way of Secondary Acquisition in one or more tranches and shall utilize such Shares for the purpose of transferring them to the Grantee upon Exercise of the Options under the Plan (in the manner specified by the Nomination and Remuneration Committee). The Trustees will act as custodians of the Shares and shall be entrusted with the responsibility for all matters and issues relating to and arising out of finances and Shares available with the Trust, subject to the guidance and advice of the Nomination and Remuneration Committee.
- 5.3 If an Option expires or becomes un-exercisable due to any reason, it shall become available for future Grants, subject to compliance with all Applicable Laws. The Nomination and Remuneration Committee shall have powers to re-grant such Options as per its discretion.
- 5.4 Where Shares are issued consequent upon exercise of an Option under the Plan, the maximum number of Shares that can be issued for transfer by the Trust under the Plan as referred to in Clause 4.2 above will stand reduced to the extent of such Shares issued.

- 5.5 The Nomination and Remuneration Committee shall in accordance with this Plan determine the following as applicable:
- (i) the Grantees amongst the categories of Eligible Employees to receive Stock Options under the Plan;
 - (ii) the time when the Options are to be granted for individual Grantees;
 - (iii) the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche;
 - (iv) whether Options are to be vested for individual Eligible Employees in a particular year or in tranches;
 - (v) the Eligibility Criteria inter alia, taking into consideration the grade, performance, merit, criticality of the function etc. for identifying the Eligible Employees;
 - (vi) the number of Options to be granted to each Eligible Employee;
 - (vii) determination of Exercise Price;
 - (viii) the terms and conditions subject to which the Options granted would vest in the Eligible Employee including those who are on long leave, training or other such instances;
 - (ix) the date of vesting of the Options granted;
 - (x) the terms and conditions subject to which the Options vested would be exercised by the Eligible Employee;
 - (xi) the time frame within which the Options have to be exercised by the Eligible Employee;
 - (xii) the number of Options to be apportioned / allocated for various grades of Eligible Employees;
 - (xiii) assignment of weightage to Company's performance, level / grade of Eligible Employee;
 - (xiv) the number of Options reserved, if any, for granting to new Eligible Employees who would join the services of the Company;

- (xv) deciding the treatment of Unvested Options upon retirement or termination of employment or upon a Director ceasing to hold office;
- (xvi) obtaining permissions from, making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the Plan;
- (xvii) framing suitable policies and systems to ensure that there is no violation by any Eligible Employee of any Applicable Laws, including but not limited to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and any modifications thereto;
- (xviii) framing appropriate procedures for granting, vesting and exercising of Options;
- (xix) framing the procedure for cashless exercise of Options, if required; and
- (xx) framing the procedure for making a fair and reasonable adjustment in case of Corporate Actions.
- (xxi) to amend the terms and conditions of the Grant Letter as the Nomination and Remuneration Committee may deem fit in accordance with the Plan and as per mutual agreement with the Grantee and subject to Applicable Laws which are not detrimental to the interests of the Grantee.

5.6 In the event of any clarifications being required on the interpretation or application of the Plan, the same shall be referred to the Nomination and Remuneration Committee. The decision of the Nomination and Remuneration Committee shall be final and binding on the Eligible Employees in this regard.

5.7 With regard to the matters specifically not provided for in this Plan or any other documents that may be issued in connection with the Stock Options, the Nomination and Remuneration Committee shall have an absolute discretion to decide such matters in the manner deemed fit by them in the best interests of the Eligible Employees / Grantees and the Company as may be permissible under the Applicable Law, rules and regulations for the time being in force. The decision of the Nomination and Remuneration Committee shall be final and binding on the Eligible Employees / Grantees.

- 5.8 Any dispute or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with this Plan shall be determined in accordance with Clause 10.21 and Clause 10.22 of this Plan.

6. GENERAL RISKS

Participation in this Plan shall not be construed as any guarantee of return on any investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments is that of the Eligible Employee alone. The Company shall not in any way be responsible for the loss, if any, that may arise as a result of any fluctuation in the market price of the shares of the Company.

7. OPTIONS

7.1. Vesting of Options:

The Options granted to any Eligible Employee shall vest within the Vesting Period in the manner as set forth in the Grant letter.

Notwithstanding anything to the contrary contained herein, there shall be a minimum period of one year between the Grant of Options and Vesting of Options. The Vesting of Options shall be subject to any additional conditions as may be prescribed by the Nomination and Remuneration Committee in the Grant letter.

- 7.2. All Options including Vested or Unvested Options shall lapse if the Grantee's employment is terminated by the Company for Cause.

- 7.3. All Unvested Options shall lapse, and stand terminated and expired forthwith, if the Grantee voluntarily resigns from the Company or in circumstances other than on account of death, retirement or permanent disability.

7.4. Accelerated Vesting of Options:

- (i) If a Grantee's employment is terminated on account of death, permanent disability, retirement, or any other reason as determined by the Nomination and Remuneration Committee, the Options granted to such Eligible Employee shall immediately vest unto such Grantee's heirs, successors, or such former Employee, as the case may be, subject to Applicable Laws.

- (ii) The Nomination & Remuneration Committee shall be duly authorized to formulate terms and conditions under or pursuant where to the Options granted to any Grantee may vest on an accelerated basis, including, but not limited to, if such Grantee's employment ceases on account of retirement (whether pursuant to any early/voluntary retirement scheme or not) or any other reason save and except for Cause), and/or upon a Change of Control of the Company, subject to Applicable Laws.

7.5. Transfer of Options:

The Options granted to the Grantee are not transferable except in the event of death of the Grantee as specified in Clause 8.6. The said Options cannot be pledged / hypothecated / mortgaged or otherwise alienated in any other manner.

7.6. Rights as a Shareholder

No Grantee shall have a right to receive any dividend or vote at any general meeting of the Company or in any manner enjoy the benefits of a shareholder in respect of Options Granted or Vested, till Shares are issued on Exercise of Options.

There will be no restriction on transferability of the Shares, which may be issued/ transferred on exercise of the Options vested pursuant to this Plan. Also, there will be no lock-in period in respect of the Shares, which may be issued/ transferred on exercise of the Options vested pursuant to this Plan.

In case of Corporate Action affecting the capital structure of the Company, adjustment to the number of Options or the Exercise Price or both shall be made in accordance with the Applicable Laws and as determined by the Nomination and Remuneration Committee.

8. EXERCISE OF OPTIONS

- 8.1. Each Option entitles the holder thereof to apply for and be allotted/transferred by the Trust one Equity Share, of the nominal value of INR 10/- each or such other value as may be decided from time to time, on the payment of the Exercise Price during/within the Exercise Period of 4 years from the date of Vesting or such lesser period as may be decided by the Nomination and Remuneration Committee at its sole discretion from time to time.
- 8.2. The Grantee may, at any time during the Exercise Period, and subject to fulfillment of the conditions of the Grant and Vesting, Exercise the Options, by submitting an Exercise Letter as prescribed by the Nomination and Remuneration Committee, to

the Trust. The Grantee may pay the Exercise Price in respect of the number of Options Exercised in any of the following ways:

- (a) Cheque drawn on the Trust, or
- (b) Online transfer to the Trust's bank account as may be intimated from time to time, or
- (c) The Grantee's authority to the Company to deduct such amount from his salary due and payable including such other adjustments as provided under the Plan, or
- (d) such other consideration as may be approved by the Nomination and Remuneration Committee from time to time to the extent permitted by Applicable Law, or
- (e) a combination of any of the abovementioned methods.

8.3. Upon Exercise of Options, the Trust, in consultation with the Nomination and Remuneration Committee, after taking such necessary approvals as may be required, shall within a reasonable period of time transfer such number of Shares underlying the vested Options as are Exercised, to the Grantee, nominee or former Employee, as the case may be.

8.4. In the event of Exercise of Options resulting in fractional Shares, the Nomination and Remuneration Committee shall round off the number of Shares to be issued to the nearest whole number, and the Exercise Price shall be correspondingly adjusted.

8.5. Unless earlier exercised, expired, forfeited or otherwise terminated, each vested option, if not exercised during the Exercise Period, shall lapse and stand terminated and expired forthwith. In the event of any Options that lapse pursuant to the provisions of this clause, the said lapsed Options shall be available to the Nomination and Remuneration Committee for Grant to such other Eligible Employees as it may decide and deem fit under the Plan.

8.6. Vesting under other circumstances:

Particulars	Vested	Unvested
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Termination for Cause	All Vested Options, to the extent unexercised and Unvested Options shall cease to be exercisable and shall lapse and stand terminated and expired with effect from the date of such termination.	
Suspension of the Grantee / Pending Enquiry against the Grantee	All the Vested Options that are not exercised and Unvested Options shall stand suspended till such time the enquiry is completed. If the Grantee is found guilty of misconduct, all Vested Options that are not exercised and Unvested Options shall be forfeited.	
Voluntary Resignation / Termination not for Cause	All Vested Options that are not exercised, shall be exercised by the payment of Exercise Price in full within a period of 90 (ninety) days from the last date of his/her employment, which period shall be deemed to be the Exercise Period. In the event of death of the Grantee after such resignation / termination and before the expiry of 90 (ninety) days from the date of such resignation / termination, the legal heirs, successors and/or nominees of such Grantee will be allowed to exercise all Vested Options of the Grantee in the manner provided in Clause 8.7.	All Unvested Options as on the date of such resignation shall lapse and stand terminated and expired forthwith.
Termination due to retirement (including pursuant to any early / voluntary retirement scheme)	The Vested Options that are not exercised, shall be exercised upon payment of Exercise Price in full by such Grantee within a period of 12 (Twelve) months from the termination of such Grantee's employment, which period shall be deemed to be the Exercise Period.	All Unvested Options as on the date of such termination shall lapse and stand terminated and expired forthwith.
Particulars	Vested	Unvested

	In the event of death of the Grantee after such retirement and before the expiry of 12 (Twelve) months from the date of such retirement, the legal heirs, successors and/or nominees of such Grantee will be allowed to exercise all Vested Options of the Grantee in the manner provided in Clause 8.7.	
Termination due to permanent disability	All the Options granted to him shall vest in him on the date of his termination and shall be exercisable by him within a period of 12 (Twelve) months from the termination of such Grantee's service, which period shall be deemed to be the Exercise Period. In the event of death of the Grantee after such separation and before the expiry of 12 (Twelve) months from the date of such separation, the legal heirs, successors and/or nominees of such Grantee will be allowed to exercise all Options of the Grantee in the manner provided in Clause 8.7.	
Death	All the Options granted to him shall be deemed to have been vested in him on the date of his death and shall be exercisable by his nominee and in the absence of any nominee, by the Grantee's legal heirs and successors. All such Options shall be exercisable by the legal heirs, successors and/or nominees, as the case may be, within the exercise period in the manner provided in Clause 8.7	
Transfer/Deputation	All Vested Options can be exercised as per the Exercise Period in accordance with the terms of Grant Letter and the Plan subject to the compliance with the Applicable Laws.	The Unvested Options as on the date of transfer/deputation, will continue to vest as per the original vesting schedule and be exercised, in accordance with the terms of Grant Letter and the Plan subject to the compliance with the Applicable Laws.

8.7. Upon death of the Grantee, the legal heir(s) / successor(s) shall be required to produce to the Company all such documents / indemnities as may be required by

the Company to prove the succession of the assets of the deceased Grantee. In case the proof of succession is not produced to the Company within 12 (Twelve) months from the date of death of the Grantee or such time as the Nomination and Remuneration Committee may permit in its absolute discretion, the Options vested shall lapse. Subject to anything contrary provided in the SEBI (SBEB) Regulations, as amended from time to time, the terms and conditions of procedure of Exercise of Options provided in this Plan, shall mutatis mutandis, apply to the procedure of Exercise of Options referred to in this Clause, unless the Nomination and Remuneration Committee decides otherwise.

8.8. Cashless Exercise of Options:

(a) Subject to Applicable Laws, a Grantee may be permitted to opt for cashless Exercise of vested Options, whereby Grantee shall authorize the sale of shares to Trust in either of the following ways:

(ii) "Sell to cover Exercise Price and applicable taxes / cost": The Grantee authorizes Trust to sell such number of shares underlying the Option to cover the Exercise Price payable for the purchase of Shares plus the applicable taxes / cost (including stamp duty); or

(iii) "Sell All": The Grantee authorizes Trust to sell all shares underlying the Option and receive resulting proceeds less the Exercise Price payable and applicable taxes / cost (including stamp duty).

(b) Notwithstanding anything contained herein and subject to applicable provisions of the Act, a Grantee may also be permitted to opt for cashless Exercise, if any, whereby, the Company / Trust may, on a best effort basis, arrange for a loan, if so, required by a Grantee, to enable him to pay for the Exercise Price in respect of the Options Exercised by the Grantee at such terms as the Company and/or the Nomination and Remuneration Committee may decide in accordance with the provisions of the Applicable Law.

8.9. Corporate Action

In the event of a Corporate Action, the Committee shall make a fair and reasonable adjustment to the Exercise Price and/or the number of Options that may be granted / vested in the Eligible Employees.

While making adjustment, the following shall be taken into consideration by the Committee:

- (a) The Exercise Price of the Options and/or the number of the Options shall be adjusted in the manner such that the total value of the Options remains the same after the Corporate Action or such other manner beneficial to the Grantee.
- (b) The Vesting period and the life of the Options Vested may be left unaltered as far as possible to protect the rights of the Grantees.

9. AUTHORITY TO VARY/MODIFY TERMS

- 9.1. Subject to Applicable Laws, the Nomination and Remuneration Committee shall, at its absolute discretion, have the right to vary / modify / amend the Plan, in such manner and at such time or times as it may deem fit, subject however that any such modification / amendment shall not be detrimental to the interests of the Grantees.
- 9.2. Such right to vary / modify / amend this Plan as and when required will be always subject to and in accordance with SEBI (SBEB) Regulations. No member of the Nomination and Remuneration Committee shall be primarily liable for any decision or action taken in good faith with respect to this Plan.
- 9.3. The Nomination and Remuneration Committee has the right to make exception from applicability of any provisions of this Plan to any Eligible Employee, at its sole discretion subject to Applicable Laws.

10. MISCELLANEOUS

- 10.1. The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.
- 10.2. The grant of an Option to Eligible Employees is solely at the discretion of the Nomination and Remuneration Committee. Subject to the foregoing, the grant of an Option does not form part of the Grantee's entitlement to compensation or benefits nor does the existence of a contract of employment between any individual and the Company or its Holding / Subsidiary Company (ies), if any give such individual any right or entitlement to have an Option granted to him in respect of any number of Shares or any expectation that an Option might be granted to him whether subject to any condition or at all.

- 10.3. 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.
- 10.4. The rights granted to a Grantee upon the grant of an Option shall not afford the 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 or its Holding / Subsidiary Company (ies), if any, for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 10.5. The 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.

10.6. **No right to Options under the Plan**

Neither the adoption of the Plan nor any action of the Nomination and Remuneration Committee shall be deemed to give a Grantee any right to an Option to acquire Shares or to any other rights hereunder except as may be evidenced by the Grant letter signed and counter signed by the Company and the Eligible Employee, respectively.

10.7. **No employment rights conferred**

Nothing contained in the Plan or in any Grant made hereunder shall:

- (a) confer upon any Grantee any right with respect to continuation of employment or engagement with the Company or its Holding / Subsidiary Company (ies), if any; or
- (b) interfere in any way with the right of the Company or its Holding / Subsidiary Company (ies), if any, to terminate the employment or services of any grantee at any time.

10.8. **Tax deduction / recovery**

The Company / Trust shall have the right to deduct / recover all taxes/costs as applicable (including Stamp Duty) payable either by itself or by the Grantee, in connection with all Grants / Options / Exercise under this Plan, by way of deduction

at source from salary and, in addition, to require any payments from the Grantee necessary to enable it to satisfy such obligations. The Grantee will also, as a condition of the Plan, authorize the Trust to sell such number of Shares, as would be necessary, to discharge the obligation in respect of such taxes/costs and appropriate the proceeds thereof on behalf of the Grantee towards such taxes / costs as applicable (including Stamp Duty).

10.9. No restriction on Corporate Action

The existence of the Plan and the Options Granted hereunder shall not in any way affect the right or the power of the Board or the shareholders to make or authorise any 'Corporate Action', strategic sale of substantial stake by the shareholders including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares under the Plan or the rights thereof. No Grantee shall have any claim against the Company or the new company / new entity that is formed or takes over a part of whole of the business of the Company, as a result of such action.

10.10. Change of Control

In the event of a Change of Control, the Nomination and Remuneration Committee may, at its sole discretion, adopt any method of settlement appropriate in its view in consensus with the Applicable Laws, for the Vested and Unvested Options, including but not limited to, immediate Vesting and settlement of all Grants by the Grantees, assumption by the entity acquiring the Company of all responsibility under this Plan in a manner that is not detrimental for the Grantees, or cancellation of Unvested Options on condition that the acquiring company shall grant new benefits to the Grantees on terms no less favourable than the terms and conditions existing before the cancellation. The Nomination and Remuneration Committee's determination shall be final, binding, and conclusive. The Nomination and Remuneration Committee shall interpret this Clause in a manner it believes in its sole discretion to be consistent with the intent to place the Grantees in substantially the same (or better) economic position than they would have had in the absence of such Change of Control.

10.11. Dissolution or liquidation

In the event of a dissolution or liquidation, the Nomination and Remuneration Committee shall inform each Grantee, as soon as practicable / permissible under Applicable Law, of the same and communicate regarding the treatment of Options held by them.

10.12. Confidentiality

An Eligible Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, Options or any connected matter except where such disclosure is made to a third-party professional (viz., lawyer, chartered accountant etc.) for seeking legal or financial advice. Any violation may result in cancellation of the Options Granted, whether vested or unvested.

10.13. Nominee

A nominee shall alone be entitled to exercise the rights of the Grantee concerned in the event of the death of the Grantee, subject to the terms and conditions of the Plan. The Grantee shall appoint such nominee by submitting a letter in the form specified by the Nomination and Remuneration Committee in this regard. The Grantee has the right to revoke / change such nomination.

10.14. Repricing of Options

Subject to Applicable Laws and approval of shareholders, the Nomination and Remuneration Committee shall at its sole and absolute discretion reprice the Exercise Price of the Options in case the Options are rendered unattractive due to fall in the price of the Shares in the stock market.

Provided that the Nomination and Remuneration Committee shall ensure that such re-pricing shall not be detrimental to the interest of the Grantees/Employees and such re-pricing is in terms of and in compliance with the Applicable Laws.

10.15. Insider trading

In respect of the Shares allotted pursuant to the Plan, the Eligible Employee shall ensure that there is no violation of the company's policy on prohibition of insider trading, the Insider Trading Regulations and Prohibition of Fraudulent and Unfair Trade Practices regulations as may be notified from time to time by SEBI and/or the Stock Exchange on which the Shares are listed. The Eligible Employee shall keep the Company and/or the Board or such other committees of the Board, fully indemnified in respect of any liability arising for violation of the above provisions.

10.16. New Share Incentive Plans

Nothing contained in the Plan shall be construed to prevent the Company and the Nomination and Remuneration Committee from implementing another Share Incentive Plan, directly or through any trust settled by Company, which is deemed

by the Company to be appropriate or in its best interest, provided such action would not have any adverse impact on the Plan or any grant made under the Plan. No Grantee shall have any claim against the Company and/or Trust as a result of such action.

10.17. Notice and correspondence

Any notice required to be given by, or any correspondence from, a Grantee or the nominee or the former employee to the Company may be given at the following address:

The Company Secretary,
VST Industries Limited,
1-7-1063/1065, Azamabad,
Hyderabad, Telangana
Pin code: 500020.

Any notice required to be given by the Company to the Grantees or the nominee or the former Employee, as the case may be, may be given at the address of the Eligible Employee/Nominee/former Employee, maintained by the Company in its records.

If there is any change of address for service, it shall be the sole responsibility of the addressee (Company or the Eligible Employee or the nominee or the former Employee, as the case may be) to update the other party (Eligible Employee or the nominee or the former Employee or the Company, as the case may be) about the change in address for service.

10.18. No Discrimination

Nothing in this Plan may be deemed to be discriminating amongst the Eligible Employees on the grounds of gender, age, nationality, race, ethnicity, language or otherwise. The Plan in terms of coverage of the Eligible Employees is in consonance with prevailing management practices and remuneration principles and is not discriminating against any section of employees.

10.19. Accounting and Disclosure Policies

The Company shall follow the '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 from time to time, including the

disclosure requirements prescribed therein or such other policies as may be prescribed under SEBI (SBEB) Regulations.

10.20. Severability

In the event that any term, condition or provision of the Plan is held to be a violation of or contrary to any Applicable Laws, the same shall be severable from the rest of the Plan and shall have no force and effect and the Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in the Plan. In the event of any inconsistency between any of the provisions of the Plan and the Applicable Laws, the provisions of the Applicable Laws shall prevail.

10.21. Disputes

All disputes arising out of or in connection with the Plan shall be referred to the Nomination and Remuneration Committee for mutual resolution by the parties.

10.22. Arbitration

All disputes arising out of or in connection with the Plan which cannot be resolved as per Clause 10.21 within 30 (thirty) days from the date of its reference to the Nomination and Remuneration Committee may be referred for arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996, as amended from time to time. The arbitration shall be conducted by a single arbitrator to be appointed by the Company and the decision rendered by the arbitrator shall be final and binding on the parties. The place and seat of arbitration shall be Hyderabad, Telangana.

10.23. Governing law and jurisdiction

- (a) The terms and conditions of the Plan shall be governed by and construed in accordance with the laws of India.
- (b) Subject to Clause 10.22, the Courts of Hyderabad, Telangana shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan.
- (c) Nothing in this Clause will however limit the right of the Company to bring proceedings against any Eligible Employee in connection with the Plan:

- (i) in any other Court of competent jurisdiction; or
- (ii) concurrently in more than one jurisdiction.
- (c) The Grantee or its Nominee / legal heir(s) / successor(s), as the case may be, who are granted Options/Shares under the Plan shall comply with such requirements of laws as may be necessary.
