

recommend modification in memorandum of association to enable the Company to undertake this activity.

None of the directors, key managerial personnel and relatives of directors and/or key managerial personnel (as defined in the Companies Act, 2013) are concerned or interested in the proposed resolution, except in the ordinary course of business.

Resolution No. 7

The Board of Directors of your Company has recommended and authorized the Nomination and Remuneration Committee to implement an Employee Stock Option Scheme in the Company for the benefit of the employees. Accordingly, the Nomination and Remuneration Committee has framed a draft Employees Stock Option Scheme (the "**Scheme**").

As you are aware that the Company has been planning to undertake an Initial Public Offer (IPO) and thereafter it shall get listed on the stock exchange(s). In view of this, the Scheme has been framed so that it also complies with the requirements prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

The following is the explanatory statement, which sets out the various disclosures as required under the Companies (Share Capital & Debentures) Rules, 2014 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended.

a. Brief description and Objects of the Scheme

The Company has framed a draft Employees Stock Option Scheme (referred to as the Scheme) to reward the eligible employees for their contribution to the success of the Company and to provide an incentive to continue contributing to the success of the Company.

The Scheme has two components, one for the permanent employees of the Company as on the date of the approval of the Scheme by the Board, and the other for the new hires, promotions, additional allocation for superior performing staff at the discretion of the Nomination and Remuneration Committee.

The Company has framed the Scheme to:

1. provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company, respectively;
2. motivate the employees with incentives and reward opportunities to contribute to the growth and profitability of the Company;
3. to achieve sustained growth of the Company and creation of shareholder value by aligning the interests of the eligible employees with the long term interests of the Company;
4. to create a sense of ownership and participation amongst the employees of the Company in the years to come;
5. to reward the high performers in the organization;
6. to provide a handsome incentive to the employees, who helped the Organization to reach at the level where the organization is able to unlock its real value; and
7. reward the eligible employees for their contribution to the success of the Company and to provide an incentive to continue contributing to the success of the Company.

b. Scheme Duration

The Scheme shall continue to be in force until a) its termination by the Board or b) the date on which all of the options available for issuance under the Scheme have been issued and exercised in terms of the Scheme, whichever is earlier. The decision of this Board in this regard shall be final provided it is in compliance with applicable laws and the Scheme.

If any option granted under the Scheme lapses or is forfeited or is surrendered under any provision of the Scheme, such option shall be available for further grant under the Scheme. Further, grant under the Scheme would be at the prevalent market price.

Provided that in the event of termination of the Scheme by the Board, there shall not be any effect on the options already vested and such options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the optionee and the Company.

Termination of the Scheme shall also not affect the ability of the Nomination and Remuneration Committee to exercise the powers granted to it under the Scheme prior to the date of such termination.

c. Administration

The Scheme shall be administered by the Nomination and Remuneration Committee in accordance with the powers given to it under the Scheme including:

1. at its discretion, coming out with employee stock incentive schemes, from time to time, subject to receipt of requisite approvals;
2. determining the quantum of options to be granted under any employee stock option scheme, both in aggregate (subject to the approval of the Board) and to any specific employee, subject to the approval of the Board;
3. formulating the detailed terms and conditions of the ESOPs within the overall terms and policy approved by the Board;
4. adopting rules and regulations for implementing the scheme from time to time, within the overall terms and policy approved by the Board;
5. identification of classes of employees entitled to participate in the scheme within the overall terms and policy approved by the Board;
6. grant options to the identified eligible employee and determine the grant date within the overall terms and policy approved by the Board;
7. the vesting schedule of the grant made to the employee within the limits as prescribed in the Scheme;
8. deciding upon the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
9. deciding upon 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 issued, bonus issued, merger, sale of division and others;
10. determining the number of options to be granted to each grantee and in aggregate subject to the ceiling under the Scheme;
11. determining the method for exercising the vested options, period of exercise etc.;
12. determining the terms and conditions, not inconsistent with the terms of the scheme, of any option granted hereunder;
13. grant, vesting and exercise of options in case of employees who are on long leave;
14. approve forms or agreements for use under the Scheme;
15. deciding all other matters that must be determined in connection with an option under the Scheme in accordance with SEBI Guidelines, within the overall terms and policy approved by the Board;
16. construing and interpreting the terms of the scheme, and the options granted pursuant to the Scheme, within the overall terms and policy approved by the Board;
17. ensuring that there is no violation of applicable securities law; and
18. ensuring that there is no violation of the following, once the Company gets listed at the recognized stock exchanges in India:
 - a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

The powers of the Nomination and Remuneration Committee can be specified, varied, altered or modified from time to time by the Board of Directors subject to the rules and regulations in force. The Board may provide that certain powers shall be exercised in consultation with the Board, and in such cases the said powers shall be exercised accordingly.

d. Total number of options to be granted

The maximum number of options that may be granted pursuant to the Scheme shall not exceed 41,88,459 (face value of ₹ 10/- each) in number which shall be convertible into equal number of Equity Shares i.e. number of shares in the Scheme shall not exceed 3.30% of the total share capital of the Company as on September 30, 2015. The entire pool is being categorized in the following manner:

1. 38,07,690 Equity Shares constituting about 3% of the total Share Capital of the Company as on September 30, 2015 for the current employees as on the date of the institution of the Scheme (“**Plan A**”); and
2. 3,80,769 Equity Shares constituting about 0.30% of the total Share Capital of the Company as on September 30, 2015 for the new hires/ promotions/additional allocation for superior allocation for superior performing staff at the discretion of the Nomination and Remuneration Committee (“**Plan B**”).

The Company reserves the right to increase or reduce such number of shares as it deems fit subject to the shareholders’ approval, in accordance with Applicable Laws.

Where Equity Shares are issued consequent to exercise of an option under the Scheme, the maximum number of Shares issued under the Scheme shall stand reduced to the extent of such Shares issued.

e. Identification of classes of employees entitled to participate in the Scheme

Only the following employees would be eligible to participate in the Scheme:
From Senior Manager-1 to General Manager and the Managing Director.

f. Grant of options

The Nomination and Remuneration Committee shall, in accordance with the terms and conditions of the Scheme and subject to the employee’s continuity in employment, and other parameters as set out by the Board, grant options to one or more employees in the manner specified.

The grant of an option to an employee under this scheme shall entitle the holder of the option to apply for one share in the Company upon payment of a price.

The Nomination and Remuneration Committee is authorized to determine in its absolute discretion, the number of tranches in which the options will be granted.

An offer made under this Scheme is personal to an employee and cannot be transferred.

An optionee may surrender, at any time, the options granted to him, whether vested or unvested, to the Nomination and Remuneration Committee. In this case, the Nomination and Remuneration Committee shall not be liable to pay anything to the optionee in lieu of options, so surrendered.

The Nomination and Remuneration Committee shall have the power to cancel all or any of the options granted under the Scheme, if so required under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, no such compensation shall be payable to the option holders for such options.

g. Requirements of vesting and period of vesting

The grant made and duly accepted by the employee, shall conclude a contract between the employee and the Company, pursuant to which each option shall, on such grant, be an unvested option. The vesting period shall never be less than the minimum vesting period of 1 year (except for the exception of death/permanent incapacity of the employee).

The vesting conditions will be such as are specified in the vesting schedule set for each option holder and the conditions subject to which vesting shall take place may be outlined in the grant Letter.

The entire vesting schedule in the scheme will be further divided into 2 plans as specified herein-

Plan A

The options to the existing employees will be vested over a period of four years from the date of grant @ 25% of grant each year. The first date of vesting will be after one year from the date of grant. In case the IPO of the Company is delayed beyond the first anniversary date of grant, the vesting date of the first tranche of 25% will coincide with the date of IPO and then continue in equal installments annually thereafter.

2. Plan B

1. 20% of the options granted will vest after 1 year from the date of the grant;
2. 20% of the options granted will vest after 2 years from the date of the grant;
3. 20% of the options granted will vest after 3 years from the date of the grant;
4. 20% of the options granted will vest after 4 years from the date of the grant; and
5. 20% of the options granted will vest after 5 year from the date of the grant.

h. Maximum period within which the options shall be vested

Options shall vest in accordance with the schedule mentioned above within a maximum period of 4 years (except where due to death/permanent incapacity the vesting takes place prior to the IPO in which case the exercise period might be longer).

i. Exercise price

The consideration to be paid for the shares to be issued upon exercise of options, including the method of payment, shall be determined by the Nomination and Remuneration Committee. Such consideration may consist of (i) cheques or demand draft payable at the registered office of the Company; (ii) any other mechanism to enable identified employees to raise finance to pay the exercise price in accordance with the applicable laws and not being from the Company; or (iii) any combination of the foregoing methods of payment, provided that any such mechanism at the relevant point is allowed under the applicable laws.

The exercise price will be informed to the option grantee by the Nomination and Remuneration Committee through the grant letter. The exercise price will be decided by the Nomination and Remuneration Committee on the basis of the fair market value as prescribed in the Scheme and will be in conformity with Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The exercise price shall not go below the par value of the Equity Shares.

The Board/Nomination and Remuneration Committee at its sole discretion may provide a premium on the price. Further, the Board/Nomination and Remuneration Committee has the power to re-price the options which are not exercised if the Scheme is rendered unattractive due to fall in the price of the Equity Shares in the stock market.

j. Vesting of options

An employee can exercise the vested options within the exercise period. Such exercise may be of all vested options or part of the vested options in one or more tranches.

The exercise period shall commence from the date of vesting which will in any case not be lesser than 3 years from the date of grant.

Further, the Nomination and Remuneration Committee also has the power to accelerate the vesting of the grants if it feels the same is beneficial to the interest of the Company. However, the vesting period cannot go below the minimum period of 1 year from the date of grant.

k. Exercise of options

The employee shall exercise his vested options within 3 years from the date of vesting of the respective options.

The options shall be deemed to have been exercised only when the Company receives:

- a) A written or electronic notice of exercise from the optionee, in such form as maybe prescribed; and
- b) The full payment towards the exercise price, in respect of shares. The Company may withhold due taxed and/or levy and/or contribution and/or payment in full have been recovered under the relevant tax laws, for the time being in force.

The options can be exercised only upon full payment of the exercise price.

The vested options not duly exercised within the exercise period shall lapse. Lapsed options shall be added back to the pool of ungranted options and shall be available for fresh grants at the prevalent fair market value as on the date of the grant.

No fraction of a vested option shall be exercisable.

Notwithstanding anything contained in the Scheme, the Nomination and Remuneration Committee may not permit the exercise of any options (whether vested or not) granted to an optionee, in the event of the optionee being found to be involved in fraud, misfeasance, gross negligence, breach of trust or like event(s) and in such an event(s) the rights under the options (whether vested or not) shall lapse, forthwith, without any claim or recourse to the Company.

If the exercise of options within the exercise period is prevented by any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the optionee in any manner.

l. Appraisal Process for determining the eligibility of employees to the Scheme

At times deemed fit by the Nomination and Remuneration Committee, the Committee shall make the periodic appraisal of the employee(s) and/ or any team of Group of the Company or the employer Company of which such employee(s) is/are part of, based on the following criteria, including but not limited to:

1. tenure;
2. performance of the employee during the previous three financial years on the basis of the parameters decided by the management;
3. employee's HR grade as per the HR policy of the Company;
4. the present and potential contribution of the employee to the success of the Company;
5. high market value/difficulty in replacing the employee;
6. high risk of losing the employee to competition; and
7. value addition by the new entrant if any.

The management will recommend to the Nomination and Remuneration Committee, the specific evaluation criteria for determination of eligibility which once approved by the Committee will be placed in the meeting of the Board of Directors for their information.

The Committee may at its absolute discretion vary or modify such criteria and/or selection and/or the terms and conditions for granting any option to any employee or class of employees.

Maximum number of options to be issued per employee: The maximum number of options granted to any one employee in a year will not exceed the equivalent of 1% of the issued Equity Share capital of the Company at the time of granting of an option except subject to separate approval of the shareholders in a general meeting.

- m. Maximum quantum of benefits to be provided per employee under the Scheme: The maximum number of the Shares that may be issued pursuant to the grant of the options to each grantee under the Scheme shall not equal or exceed 1% of the issued capital of the Company at the time of the grant of the option.
- n. Whether the Scheme to be implemented and administered directly by the Company or through Trust: The Scheme shall be implemented directly by the Company.
- o. Whether the Scheme involves new issue of shares by the Company or secondary acquisition by the trust or both: The Scheme will involve new issue of shares by the Company and there is no secondary market acquisition.
- p. The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.: No loan shall be provided for implementation of the Scheme.
- q. Maximum percentage of secondary acquisition that can be made by the trust for the purposes of the scheme: Not Applicable
- r. **Conformation of Accounting Policies**

The Company shall conform to the accounting policies specified in Regulation 15 of the Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014, which inter-alia provides that:

- a. Company shall follow the requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.
 - b. Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements then the company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.
- s. Method to be used to value the options**

The Company shall use the intrinsic value method to value its options.

The difference between the employee compensation cost computed under intrinsic value method and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report and the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

t. Exit opportunity to employees

The employees can sell the exercised shares by selling them at the Stock Exchanges.

u. Special conditions in case of death, incapacitation, termination etc.

- (i) **In case of death:** In the event of death of an optionee while in employment, all the unvested options granted to him till such date shall vest, immediately, in his legal heirs within the specified period. Vested options would be exercisable within 6 months from the date of death or

before expiry of exercise period as per the scheme (whichever is lesser), failing which all the unexercised options shall lapse irrevocable and the rights there under shall be extinguished. Unvested options shall vest immediately but shall be exercisable only during the exercise period as per the scheme. In the event that the IPO of the company has not occurred on or before the date of death, the relevant nominee/legal heir employee shall have the right to either continue to hold the option or cash out the same at the then prevailing fair market value as determined by the Nomination & Remuneration Committee. Any exercise prior to the IPO shall only be against cash and exercise after the IPO shall be against shares. The legal heirs are required to submit the documents specified in the Scheme to the management in order to exercise the options of the deceased employee.

- (ii) **In case of permanent incapacity:** In the event of permanent incapacity of an employee, all options granted to him as on the date of permanent incapacitation, shall vest in him or his nominees on that day. The options would be exercisable within 6 months from the date of permanent incapacity of before expiry of the exercise period (whichever is lesser). Unvested options shall vest immediately but shall be exercisable only during the exercise period as per the Scheme. In the event that an IPO of the Company does not occur on or before the date of permanent incapacity the relevant employee shall have the right to either continue to hold the option or cash out the same at the then prevailing fair market value as determined by the Nomination and Remuneration Committee. Any exercise prior to the IPO shall only be against cash and exercise after the IPO shall be against shares.
- (iii) **On separation from employment due to retirement/superannuation age:** In case of superannuation/retirement before the IPO, all unvested options shall vest on IPO or completion of 1 year from the date of grant, whichever is later. In case of superannuation/retirement after the IPO, unvested options shall vest on the date of superannuation/retirement/ or completion of 1 year after grant, whichever is later. All vested options can be exercised within 6 months from the date of such option holder's retirement or before expiry of exercise period as per the Scheme (whichever is lesser). Unvested options in case of retirement/superannuation pre-IPO shall be exercisable within 6 months from the date of the IPO. In the event that an IPO of the Company does not occur on or before the date of superannuation/resignation the relevant employee shall have the right to continue to hold the option or cash out the same at the then prevailing fair market value as determined by the Nomination and Remuneration Committee. Any exercise prior to the IPO shall only be against cash and exercise after the IPO shall be against shares.
- (iv) **Dispute between optionee and the Company including the case of the suspension of the employee:** The exercise of the vested options, as the case may be, will be put on hold till the date of settlement. The period of vesting and/or exercise will be stretched by the duration of dispute.
- (v) **Long Leave:** The effect of any long leave will be given as considered appropriate by the Nomination & Remuneration Committee.
- (vi) **Transfer/ Deputation:** In the event that an employee who has been granted benefits under a scheme is transferred or deputed to any other Company in the Group prior to vesting or exercise, the vesting and/or exercise as per the terms of the grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.
- (vii) **Termination with cause.** The vested and unvested options shall lapse.
- (viii) **Termination other than for cause of resignation:** Vested option can be exercised within no later than 15 days after the date of termination/resignation so long as an employee on the date of the exercise. Any exercise prior to the IPO shall only be against cash and exercise after the IPO shall only be against shares.
- (ix) **Dispute cases/suspension cases:** In the event where a dispute arises between the optionee and the Company, including the cases of the suspension of the employee, the exercise will be put on hold till the date of settlement. The period of vesting will be stretched by the duration of the dispute.

v. Lock-in period, if any

There would not be any lock-in period for the shares issued consequent upon exercising the options under the Scheme.

w. Transferability of employee stock options

The stock options granted to an employee cannot be transferred in any manner whatsoever and will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any manner. However, in the event of the death of an employee stock option holder while in employment, the right to exercise all the options granted to him till such date be transferred to his legal heirs or nominees.

x. Miscellaneous points under the Scheme

1. The employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of an option granted to him till shares are issued on the valid exercise of an option.
2. In the event that an employee who was issued shares under the Scheme is no longer with the Company (for any reason) and within a period of 1 year thereafter solicits any employees of the Company, disparages the Company in any manner or makes any use of confidential information in relation to the Company, the Company shall have the right to recover profits made on such shares calculated as the difference between the relevant exercise price and the market price on the day of exercise.

As per the provisions of Section 62(1)(b) of the Companies Act, 2013, Rule 4.12 of the Companies (Share Capital & Debentures) Rules, 2014 and the provisions contained in the Securities and Exchange Board of India (Share Based employee Benefits) Regulations, 2014; approval by the shareholders by way of a special resolution is required for implementation of employees stock option scheme in the Company. Accordingly the resolution is being placed for the approval of shareholders as a special resolution.

The Board of Directors recommends the Special Resolutions for the approval of the Members.

All the key managerial personnel and relatives of key managerial personnel (as defined in the Companies Act, 2013) may be deemed to be concerned or interested in the proposed resolution to the extent securities may be subscribed for and allotted in their names.

A handwritten signature in black ink, appearing to be 'R. Jain', written in a cursive style.