

# **Ester**

## **Employees Stock Option Plan-2021**



## Table of Contents

<b>PART A: STATEMENT OF RISKS .....</b>	<b>2</b>
1 CONCENTRATION.....	2
2 LEVERAGE.....	2
3 ILLIQUIDITY.....	2
4 VESTING.....	2
<b>PART B: INFORMATION ABOUT THE COMPANY .....</b>	<b>3</b>
5 PROFILE OF THE COMPANY.....	3
6 RISK FACTORS.....	3
7 CONTINUING DISCLOSURE REQUIREMENT.....	3
<b>PART C: SALIENT FEATURES OF THE SCHEME .....</b>	<b>4</b>
8 PLAN OBJECTIVES.....	4
9 DEFINITIONS AND INTERPRETATIONS.....	4
10 IMPLEMENTATION.....	9
11 EFFECTIVE DATE OF THE PLAN AND TENURE OF GRANT.....	9
12 ADMINISTRATION AND COMPENSATION COMMITTEE.....	10
13 GRANT OF OPTIONS.....	11
14 VESTING OF OPTIONS.....	13
15 EXERCISE OF OPTIONS.....	14
16 EXIT PLAN.....	15
17 TERMINATION OF EMPLOYMENT.....	15
18 DEATH AND TOTAL & PERMANENT DISABILITY .....	16
19 NON ASSIGNABILITY.....	16
20 RIGHTS OF AN EMPLOYEE .....	16
21 ELIGIBILITY.....	17
22 STOCK OPTION/GRANTS.....	17
23 CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION.....	18
24 AMENDMENT OR TERMINATION OF PLAN .....	19
25 INITIAL PUBLIC OFFERING .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
26 LISTING.....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
27 OTHERS.....	19



## PART A: STATEMENT OF RISKS

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All investments in shares or options on shares are subject to risk as the value of shares may fluctuate. In addition, employee stock options are subject to the following additional risks:

### **1 Concentration**

The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.

### **2 Leverage**

Any change in the value of the share can lead to a significantly larger change in the value of the options.

### **3 Illiquidity**

The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.

### **4 Vesting**

The options will vest, subject to continued employment with the company or any of its subsidiaries. All unvested options will lapse, on the day the application for resignation is submitted. The options will also lapse if the employment is terminated with or without cause, prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for Cause as defined in Section 17 – 'Termination of employment' of this Plan or if the Options are unexercised after vesting within the Grant Tenure subject to Section 17 and Section 18 of this Plan.



## PART B: INFORMATION ABOUT THE COMPANY

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### 5 Profile of the company

Ester Industries Limited is a public limited company incorporated in 1985 promoted by the Singhanian family and Listed in BSE Limited and National Stock Exchange of India Limited. The company is one of India's leading producers of Polyester Films, Engineering Plastics and Specialty Polymers having a track record of continually developing new and innovative products for customers across the globe. Ester Industries has state of the art manufacturing facilities in khatima in Uttarakhand with the capacity of 67,000 TPA of Polyester Resin, 57,000 TPA of Polyester Film, 30,000 TPA of Specialty Polymers and 16,500 TPA of Engineering Plastics. The company currently exports about 30% of its production of Polyester Films with sales and distribution network in more than 56 countries across the world resulting in strong customer relationship. Specialty Polymers are manufactured primarily for the US and other overseas markets.

### 6 Risk factors

The risks and uncertainties include, but are not limited to, risks and uncertainties regarding fluctuations in earnings rates, our ability to manage growth, intense competition in our areas of services including those factors which may affect our cost advantage, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price contracts, client concentration, our ability to manage our marketing & sales operations, reduced demand for our key focus areas, liability for damages on our products and services, political instability, legal restrictions and general economic conditions affecting our industry.

Management Perception: Some of the risks are normal to the nature of industry in which the Company operates and some others are beyond the control of the Company.

### 7 Continuing disclosure requirement

The option grantee shall be given access to copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the company and the accompanying explanatory statements. However, the option grantee will not be entitled to attend and vote in the meetings until they exercise their right to become a shareholder.





## PART C: SALIENT FEATURES OF THE SCHEME

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This part contains the salient features of the employee stock option scheme of the company including the conditions regarding vesting, exercise, adjustment for corporate actions, and forfeiture of vested options.

### 8 Plan objectives

In the views of the Company, equity based compensation plan is an integral part of employee compensation across sectors which enables alignment of personal goals of the employee with 'organizational objectives by participating in the ownership of' the company through share based compensation plans.

An employee stock option scheme, designed to foster a sense of ownership and belonging amongst personnel, is a well accepted approach to this end. It is, therefore, appropriate to consider an Employee Stock Option Scheme for the employees of the Company and its existing or future subsidiary company(ies).

Accordingly, the Company intends to attract, reward, motivate and retain employees/directors of the Company, its existing or future subsidiary companies, in or outside India, for their high level of individual performance and for their efforts to improve the overall performance of the Company with the objective of achieving sustained growth of the Company and creation of shareholder's value by aligning the interests of the eligible employees/ directors with the long-term interests of the Company.

### 9 Definitions and Interpretations

#### 9.1 Definitions

In this document, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

- **ABANDONMENT** means the termination of employment contract without any due notice by the employee or due to a long leave without authorization from the Company.
- **APPLICABLE LAW** means the legal requirements relating and as applicable to employee stock option schemes, including, without limitation the Companies Act, 2013, as amended, and the rules framed thereunder, the guidelines and regulations issued by the Securities and Exchange Board of India including the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the SEBI circular dated 16 June 2015 bearing reference number CIR/CFD/POLICY CELL/2/2015, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the shares are listed or quoted



- **BOARD/ BOARD OF DIRECTORS** means the Board of Directors of the Company for the time being and re-constituted and/or re-structured from time to time during the existence of this Plan;
- **COMPANIES ACT** means the Companies Act, 2013 and the rules thereunder in force and as amended from time to time;
- **COMPANY** means Ester Industries Limited incorporated under the laws of India on 4<sup>th</sup> February, 1985
- **COMPANY POLICY/ TERMS OF EMPLOYMENT** means the Company's policies for employees and the terms of employment as contained in the employment letter and the company handbook, which includes provisions for securing confidentiality, non-compete and non-poaching of other employees and customers.
- **CORPORATE ACTION** means and includes one of the following actions:
  - 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
  - the merger, de-merger, spin-off, consolidation, amalgamation, sale of business or other reorganization of the company (except to a subsidiary) in which the [shares] are converted into or exchanged for:
    - a different class of securities of the company ; or
    - any securities of any other issuer ; or
    - cash ; or
    - other property
  - The sale, lease or exchange of all or substantially whole of the assets/ undertaking of the company to any other company or entity (except the subsidiary)
  - The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up
- **DIRECTOR** means a member of the Board of the Company.
- **DISABILITY** shall mean "Disability" as defined in any applicable agreement between the Grantee and the Company or if there is no such agreement or Disability is not defined therein, then a grantee's becoming physically or mentally incapacitated needs to be validated and certified by a medical practitioner recommended by the company.
- **ELIGIBILITY CRITERIA** means the criteria as may be determined from time to time by the Nomination & Remuneration Committee for granting the employee stock options to the employees.
- **EMPLOYEE** means:

Ester Industries Limited



- a) Permanent Employees of the Company working in India or out of India;
- b) Directors of the Company; and
- 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.

Following persons are not eligible:

- a. an employee who is a Promoter or belongs to the Promoter Group;
- b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company; and
- c. an Independent Director.

The Nomination & Remuneration Committee will determine the specific employees or class of employees who will be eligible for award of stock options based on the performance criteria.

- **EXERCISE** in relation to Options means, the tendering by an Employee, of an application to the Company for the issue of Shares, pursuant to the Options vested in him under the Grant and the Plan, accompanied by the Exercise Price payable for the Shares
- **EXERCISE DATE** means the date on which an employee of the Company elects to exercise the vested options
- **EXERCISE PERIOD** in relations to the Options means the period commencing from the date of vesting and ending on the last date till which the Options can be Exercised. The Option right owner shall also have the right to defer the decision of exercise till any time prior to the end of the exercise period, after which the options shall lapse.
- **EXERCISE PRICE** means the price payable by the Employee for exercising the Option granted to him in pursuance of this Plan
- **GRANT** means, individually or collectively, issue of Options to employees under the Plan
- **GRANTEE** means an Employee who has been granted Stock Options pursuant to the Plan where the context so requires includes his/her nominee/legal heirs
- **GRANT DATE** means the date of meeting of the Nomination & Remuneration Committee in which the grant of Options to the Employees are approved
- **LAPSE** means the time at which the option grantee will no longer have the right to exercise the options and the options will be available for being re-granted at a future date
- **LONG LEAVE** means a period of unpaid leave, greater than 30 days, sought by the employee and approved by the Company





- **CHAIRMAN & MANAGING DIRECTOR** means the Chairman & Managing Director of the company appointed from time to time.
- **MARKET VALUE** means the latest available closing price on a recognised Stock Exchange on which the shares of the Company are listed on the date immediately prior to the relevant date.

If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price;

- **NOMINATION & REMUNERATION COMMITTEE** means the Nomination and Remuneration Committee constituted by the Board of Directors as per section 178 of Companies Act, 2013 to administer the Ester Industries Limited – Employees Stock Option Plan -2021.
- **OPTION OR STOCK OPTION** means an option granted to an Employee giving him/her a right but not an obligation to subscribe for shares or any Resultant Shares of the Company in pursuance of the Plan at a pre- determined price and upon such terms and conditions.
- **OPTION AGREEMENT** means a written agreement entered into between the Company and an Employee with respect to an Option, a Grant to such employee, and on such terms and conditions as stipulated in this Plan and as may be suggested/recommended by the Nomination & Remuneration Committee from time to time
- **PLAN** means the “Ester Industries Limited – Employees Stock Option Plan -2021” as set out herein and as amended or modified from time to time
- **PROMOTER** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
- **PROMOTER GROUP** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

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

- **RELEVANT DATE** means in the case of grant, the date of the meeting of the Nomination & Remuneration Committee on which the grant is made; or in the case of exercise, the date on which the notice of exercise is given to the company by the employee;
- **RESULTANT SHARES** means the shares issued in lieu of shares of the Company on any Corporate Action as mentioned in this Plan
- **RETIREMENT** means retirement of an Employee as per the rules of the Company
- **SHARE** means fully paid equity shares of the Company (having face value of Rs. 5/- each) and the securities convertible into equity shares and shall include American Depository Receipts (ADR), Global Depository Receipts (GDR), or other depository receipts representing underlying equity



shares or securities convertible into equity shares and where the context so requires shall include the Resultant Shares

- **SUBSIDIARY COMPANY/IES** means Subsidiary company/ies of the Company, as defined in the Companies Act, 2013
- **STOCK EXCHANGES** means the BSE Limited and the National Stock Exchange of India Limited
- **TENURE OR GRANT TENURE** means the period from approval of grant date till the period in which the vested options can be exercised, during which period the grant is effective
- **UNVESTED OPTION** means an option in respect of which the relevant vesting conditions have not been satisfied and as such, the option grantee has become ineligible to exercise the option
- **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
- **VESTING** means the process by which the employee is given the right to apply for shares of the Company against the option granted to him in pursuance of the Plan
- **VESTING CONDITIONS** means the conditions subject to which the option granted would vest in an option grantee
- **VESTING PERIOD** means the period during which the vesting of the option granted to the employee in pursuance of the Plan and subject to the Vesting Conditions takes place

The definitions as given in this Section are for the purposes of interpretation of this Plan only and should not be used for any other purpose.





## 9.2 Interpretations

In this document, unless otherwise stated or intention appears:

- The singular includes the plural and vice versa
- The word person includes an individual, a firm, a body corporate or any other authority as per the context
- Any word or expression importing the masculine or feminine genders only shall be taken to include all genders

## 9.3 Section Headings

The section headings are for information only and shall not affect the construction of this Plan.

## 9.4 References

- A reference to a clause or schedule is respectively a reference to a clause or schedule of this document. The Schedules, if any, to this document shall for all purposes form part of this document.
- Reference to any Act, Rules, Regulations, Statutes or Notifications/Circulars/Press Notes shall include any statutory modification, substitution or re-enactment thereof

## 10 Implementation

The Plan shall be implemented by the Nomination & Remuneration Committee under the policy and framework as may be laid down by the Company and/or Board of Directors of the Company. Any amendments, variations, modifications and alterations to the Plan would be subject to the approval of the shareholders of the Company and in conformity with Applicable Laws.

The issuance of shares will be under the guidance, advice and direction of the Nomination & Remuneration Committee constituted under this Plan.

## 11 Effective date of the plan and tenure of Grant

### 11.1 Effective dates

The Plan shall come into force from 1<sup>st</sup> April, 2021 subject to the approval of shareholders of the company in general meeting.

### 11.2 Termination

If any Stock Options granted under the Plan are terminated under the provisions of Section 24 of the plan, such Options shall be available for further Grant under the Plan.

### 11.3 Tenure

The tenure of each grant shall include the period from the date of approval of the grant till the end of the exercising period of the last tranche in the grant.

Any stock options, which remain unexercised after the tenure of the grant, would automatically be deemed to be lapsed and/or ineffective.



## **12 Administration and Compensation Committee**

### **12.1 Administration of plan**

The plan shall be administered by the Nomination & Remuneration Committee and will be in compliance with the terms of the Plan and Applicable law, as would be prevailing from time to time. These are in addition to other express powers and authorizations conferred by the plan to the Nomination & Remuneration Committee.

All decisions, determinations and interpretations with respect to, connected with or arising out of or related the plan shall be with the Nomination & Remuneration Committee. Any such decisions shall be final, conclusive and binding upon all persons including the company, any participants, shareholders and any employees

### **12.2 Constitution of the Nomination & Remuneration Committee**

- a) Nomination & Remuneration Committee consists of such directors in accordance with section 178 of Companies Act 2013 for administration and superintendence, including formulating of terms and conditions of the Plan.
- b) All the decisions of the Nomination & Remuneration Committee shall be taken by simple majority. Any member of the Nomination & Remuneration Committee to whom any matters relating to the Plan relate to or who has an interest in such matters shall not vote on such matters.

### **12.3 Powers**

The Nomination & Remuneration Committee shall have the power to formulate the detailed terms and conditions of the schemes which shall, inter alia, include the following provisions:

- a) the quantum of options per employee and in aggregate under a scheme;
- b) Exercise price of options in line with SEBI (Share Based Employee Benefits) Regulation, 2014;
- c) Eligibility criteria;
- d) the conditions under which options may vest in employees and may lapse in case of termination of employment for misconduct;
- e) the exercise period within which the employee can exercise the options and that options would lapse on failure to exercise the same within the exercise period;
- f) the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
- g) 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;
- h) Approve forms, writings and / or agreements for use in pursuance of this Plan;
- i) Ensuring compliances with the guidelines applicable to ESOP Scheme;
- j) 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 Nomination & Remuneration Committee:

1. the number and price of options shall be adjusted in a manner such that total value to the employee of the options remains the same after the corporate action;
2. the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such options;
- k) the grant, vesting and exercise of options in case of employees who are on long leave;
- l) the procedure for cashless exercise of options, if any
- m) to amend, alter, vary or modify any other terms of the Plan subject to the approval of the Board &/or shareholder's as may be required.
- n) The Nomination & Remuneration Committee shall frame suitable policies and systems to ensure that there is no violation of:
  - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - SEBI (Prohibition of Insider Trading) Regulations, 2015; and
  - Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 as amended from time to timeby any employee or the company.

The members of the Nomination & Remuneration Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board of Directors subject to such rules and regulations as may be in force. The Board may further provide that the Nomination & Remuneration Committee shall exercise certain powers only after consulting the Board of Directors of the Company, as the case may be.

#### **12.4 Liability of Members of the Nomination & Remuneration Committee**

No member of the Nomination & Remuneration Committee shall be personally liable for any decision or action made in good faith with respect to the Plan.

The Nomination & Remuneration Committee members or invitees shall, however, abstain from participating in and deciding matters that directly affect their individual ownership interests under the Plan.

### **13 Grant of Options**

#### **13.1 Grant Limits**

- The Committee may from time to time make Grants to one or more Employees, determined by it to be eligible for participation in the Plan in accordance with the provisions of Section 21 of the Plan. Shares shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to a Grant. The aggregate number of shares which may be issued under the Plan shall be adjusted in the same manner as equity shares in case of any corporate action(s).





- The CHAIRMAN & MANAGING DIRECTOR may recommend to the board and the Nomination & Remuneration Committee to grant option rights to any employee, other than himself, who satisfies the conditions of the granting of the option right
- The Grant shall be at such price as may be determined by the Nomination & Remuneration Committee and shall be specified in the Grant.
- Approval of shareholders by way of separate resolution in the general meeting shall be obtained by the Company in case of;
  - (a) Grant of Option to employees of a subsidiary; and
  - (b) Grant of Option to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of option.
- The Grant shall be in writing and shall specify the number of options granted, the price payable for exercising the options, the date/s on which some or all of the Options shall be eligible for vesting, fulfillment of the performance and other conditions, etc. if any, subject to which vesting shall take place and other terms and conditions thereto.
- The option shall not be transferable and can be exercised only by the employees
- The total no of Options available for grant under the Plan shall not, at any time, exceed 8,00,000 (Eight Lakhs only) Options, exercisable into shares.
- The option right that is abandoned, lapsed or expires without being exercised by the option right owner in accordance with this program shall not be taken into consideration upon calculation of the maximum provided for in the preceding paragraph.

### 13.2 Shares offered

The shares to be offered pursuant to a Grant shall be from the authorized share capital of Ester Industries Limited.

### 13.3 Structure of the plan

Each Option would entitle the Option holder to subscribe to 1 (one) Share on the payment of the Exercise Price.

There shall be a minimum period of one year between the Grant of Options and the Vesting of Option.

Upon the Employee continuing in employment with the Company and upon compliance with the terms of this Scheme, the Options Granted by the Company on the recommendations of the Nomination & Remuneration Committee would vest with the Employees over the Vesting Period set out in this Plan.



### **13.4 Grant Plan**

All employees who are eligible as per Section 21 of the Plan shall be granted options on the date they become eligible under the Plan. However, the Nomination & Remuneration Committee has absolute right in granting options even if the employees do not meet or meet, one or more of the eligibility criteria given in Section 21.

### **13.5 Grant Criteria**

All eligible employees will be granted options by the Nomination & Remuneration Committee on the basis of some or all of the following criteria, basis the discretion of the Nomination & Remuneration Committee:

- Level and role of the employee;
- Tenure with the organization;
- Such other factors as the Nomination & Remuneration Committee may decide from time to time on the recommendation of the board, including qualifications, contribution towards the growth of the Company and other functional and managerial factors

## **14 Vesting of Options**

### **14.1 Vesting plan**

The vesting period for the grant shall be decided by the Nomination & Remuneration Committee

For eligible employees as identified by the Nomination & Remuneration Committee and at their sole discretion. The minimum vesting period will be 1 (one) year from the date of grant. The vesting of the options shall take place over a maximum of 6 (Six) years from the date of grant. If any long leave (as defined in clause 9) is taken by the employee, then the duration of this leave will be added to the vesting period. The Nomination & Remuneration Committee may waive of the long leave duration.

In case of new employees, the minimum period of one year shall be reckoned from the date of Grant of Options.

The organization may decide to impose individual and organizational performance vesting criteria or any other vesting criteria as it may see fit, from time to time.

The employee shall return the signed Option Agreement within two weeks to the Company to notify his/ her acceptance from the date of being officially notified of options being granted to him.

Notwithstanding anything to the contrary in this plan, the Nomination & Remuneration Committee may be entitled to in its absolute discretion, to vary or alter the Vesting Date from employee to employee or for different grades of employees, as it may deem fit.

### **14.2 Exercise of unvested options**

The Nomination & Remuneration Committee in its absolute discretion, may vary the terms and conditions of exercise of unvested options as it may deem fit, subject to the minimum lock-in





conditions applicable at that time but will not extend the vesting date and/or period as communicated to the employee in the initial grant.

#### **14.3 Acceleration of Vesting Period**

Subject to the provisions of the applicable law, the Nomination & Remuneration Committee may, at its absolute discretion and on a case-by-case basis, provide for accelerated Vesting. whereby, the date of Vesting is advanced to a date that is before the original Vesting date as specified in the Option Agreement, provided that in no event shall the Vesting period pursuant to such accelerated Vesting be shorter than one year from the date of grant.

### **15 Exercise of Options**

#### **15.1 Exercise plan**

There shall be no lock-in after the options have vested. The Vested options would be eligible to be exercised from the Vesting Date itself subject to the opening of the exercise window. The option right owner shall exercise the options before the end of 10 (Ten) years from the Grant Date. The Shares arising out of Exercise of Vested Options would not be subject to any lock-in-period after such Exercise, except as required by the then Applicable law.

Notwithstanding any provisions to the contrary in this Plan, the Options must be exercised within ten years from the date of grant.

#### **15.2 Exercise price**

The Exercise Price would be decided by the Nomination & Remuneration Committee subject to compliance with the provisions of the SEBI (Share Based Employee Benefits) Regulation, 2014, in the Committee's meeting on the date of Grant. Such exercise price will be intimated to the eligible employee at the time of grant of options to them. The Exercise price shall not exceed the fair market value as on the Date of Grant and shall not be below the Face Value of the share.

The Company may reprice the unexercised Options, whether or not such Options have been vested, if there is a fall in the share price in the market which renders the Grant price unattractive.

However, the Company will ensure that such repricing should not be detrimental to the interest of the employees and the approval of the shareholders of the Company in a General Meeting has been obtained for such repricing.

#### **15.3 Other aspects**

- Notwithstanding anything contained elsewhere in the Plan, the Nomination & Remuneration Committee and/or the Board may, if the Exercise of Options within the Exercise period, is prevented by any law or regulation in force, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the applicable laws or regulations and in such an event, the Company shall not be liable to pay any compensation or similar payment to the Employee for any loss suffered due to such refusal



- Provided further, that the Board shall have the power to cancel all or any of the Options granted under the Plan if so required under any law for the time being in force

## **16 Exit plan**

Any Employee or ex-employee will be free to sell his allotted Shares in the open market, subject to any holding restrictions by SEBI, if any, at the time of the then applicable law.

## **17 Termination of Employment**

If a Grantee's employment with the Company terminates:

- For Cause, then all Options, vested (but not Exercised) or unvested, stand cancelled / lapsed.

Cause shall mean, as determined by the Nomination & Remuneration Committee, which includes but not limited to, (i) the engaging by the Employee in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (ii) the Employee's pleading guilty to or conviction of a felony (iii) theft, sexual harassment, fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (iv) employment of the Employee in any other organization or provision of services by the Employee for any other organization while employed with the Company.

- Due to voluntary resignation on the part of the Grantee, all vested options have to be exercised within a period of 1 months from the day of submitting the resignation but prior to the Employee ceasing to be in the employment of the Company, post which they will be considered lapsed. All unvested options will lapse immediately upon the submission of resignation.
- In case of termination without cause, all unvested options will lapse immediately on the date when the notice for termination is given to the employee. All vested options need to be exercised within 1 month from the date such notice is given, but prior to the Employee ceasing to be in the employment of the Company, post which they will be considered lapsed.
- On completion of his employment (or other service) due to Retirement or Superannuation, all unvested options will immediately vest- subject to the minimum lock in conditions as specified by the Companies Act, SEBI or any other applicable guidelines at that point of time and the Grantee shall have the right to Exercise all vested Options within a period of 3 months from his last working day, post which the options will be lapsed.
- In the event of Abandonment by an employee, all Options, vested (but not Exercised) and unvested, stand cancelled / lapsed.



- For reasons other than those referred above in this Section 17 or Section 18 below, the Nomination & Remuneration Committee will decide whether the vested options on the date of termination or cessation of employment can be exercised by the employee or not, and the manner in which unvested options shall be dealt with, including any accelerated vesting, cancellation or otherwise, and such decision shall be final.
- In the event that an employee who has been granted options is transferred or deputed to an associate company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

## **18 Death and Total & Permanent Disability**

If a Grantee dies or becomes totally and permanently disabled while an employee of the Company, the granted Stock Options shall vest and can be exercised as below:

- In the event of death of an Employee while in employment with the Company, all the Options granted to him till such date and lying unvested shall vest in the legal heirs/nominees of the deceased Employee. All the Vested Options shall be permitted to be exercised within a period of 6 months from the date of death of the Employee or the expiry of the Exercise Period, whichever is earlier. Any Vested Options not Exercised within this aforesaid period shall lapse at the end of the aforesaid period.
- In the event that the termination of an Employee's employment with the Company is as a result of total or permanent incapacity (i.e., incapacity to engage in work as a result of sickness, mental disability or otherwise or by reason of accident), all the Options granted to him till such date of permanent incapacitation and lying unvested, shall vest in him on that day. All the Vested Options shall be permitted to be exercised within a period of 6 months from the date of permanent incapacitation or the expiry of the Exercise Period, whichever is earlier. Any Vested Options not Exercised within this aforesaid period shall lapse at the end of the aforesaid period.

## **19 Non Assignability**

The Option shall not be transferable or assignable by the Employee, otherwise than by will or the Applicable Law and distribution and the Option shall be exercisable, during the Employee's lifetime, only by him or, during periods of legal disability, by his legal representative/inheritor. No Option shall be subject to execution, attachment or similar process. The Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. If the option right owner tries to transfer or abandon or dispose of the option right or the rights relating thereto whether voluntarily or obligatorily, the said right(s) shall expire immediately.

## **20 Rights of an employee**

### **20.1 Shareholder rights**

Ester Industries Limited





Neither Employee, nor his successor, shall have any of the rights of a shareholder of the Company with respect to the Options until the shares are allotted by the company

## **20.2 Change of Employment within Company**

Except as may be otherwise provided in this Plan, the Option granted hereunder shall not be affected by any change of employment so long as the employee continues to be employed by the Company, or a subsidiary of the Company.

## **20.3 Terms and conditions of Shares**

All Shares acquired under the Plan will rank *pari passu* with all other Shares of the Company for the time being in issue. The employee shall not have the right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of options granted to him, till shares are issued on exercise of option.

## **21 Eligibility**

A Stock Option Grant made pursuant to the Plan may be Granted only to an individual who, at the time of Grant,

- Is an employee of the Company and/or
- Has been identified as a key resource by the Nomination & Remuneration Committee based on factors such as performance, tenure, level, and role

The Nomination & Remuneration Committee however is authorized to change the eligibility criteria from time to time, on the recommendation of the Board and subject to the SEBI (Share Based Employee Benefits) Regulations, 2014.

Each Grant shall be evidenced by a written instrument duly executed by or on behalf of the Company.

### **21.1 Grants to nominee directors**

Where an Employee is a Director nominated by an institution as its representative on the Board, an Option may only be granted if:

- i. The contract or agreement entered into between the institution nominating its employee as the Director, and the Director so appointed shall, *inter alia*, specify the following:
  - a. whether the Grants by the Company under the Plan can be accepted by the said employee in his capacity as Director of the Company;
  - b. that Grant if made to the Director, shall not be renounced in favour of the nominating institution; and
  - c. the conditions subject to which fees, commissions, other incentives, etc. can be accepted by the Director from the Company.
- ii. The institution nominating its employee as a Director shall file a copy of the contract or agreement with the Company, which shall, in turn file the copy with the Stock Exchanges.
- iii. The Director so appointed shall furnish a copy of the contract or agreement at the first Board meeting of the Company attended by him after his nomination.

## **22 Stock Option/Grants**

### **22.1 Stock Option Agreement**

Ester Industries Limited



Each Option shall be evidenced by an Agreement between the Company and the Grantee, which shall contain such terms, and conditions as may be approved by the Nomination & Remuneration Committee. Each Agreement shall specify the effect of termination of employment, total and permanent disability, retirement or death on the exercisability of the Option and such other terms and conditions as the Nomination & Remuneration Committee may deem necessary.

Under each Agreement, a Grantee shall have the right to appoint any individual or legal entity in writing as his nominee under the Plan in the event of his death / total and permanent disability. Such designation may be revoked in writing by the Grantee at any time during the time of employment and a new nominee may be appointed in writing on the form provided by the for such purpose. Such nominee shall be the only legal representative recognized by the Company/ the Nomination & Remuneration Committee as the inheritor of the Grantees option to the exclusion of all others.

## **22.2 Option period**

The option period for the Ester Employees Stock Option Plan -2021 as specified by the Nomination & Remuneration Committee is 10 (Ten) years from the Grant Date.

## **22.3 Limitations on Exercise of Option**

Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Nomination & Remuneration Committee and as permissible under the terms of the Plan, which shall be specified in the Agreement evidencing the Option. An Option shall not, however, be exercised for fractional shares.

## **23 Change in Capital Structure or Corporate Action**

Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Nomination & Remuneration Committee, at its discretion as to number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined in this Plan.

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 authorize 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, and with respect to pricing of the shares (shares may be issued at par or at any price as may be decided by the Board of Directors or the Company which may be lower than the price at which stock option is / will be granted to the Employees, from time to time).

If there is a 'Corporate Action' before the Options granted under this Plan are exercised, the 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 'Corporate Action' of the Company had taken place and the rights under the Options shall stand correspondingly adjusted.

The Shares in respect of which the Options are granted, are Shares as presently constituted. But if and when, prior to the expiry of the Exercise Period there is a 'Corporate Action' of the Company, the





number of Shares with respect to which the Options may thereafter be exercised shall, in the event of:

- An increase in the number or Resultant Shares, be proportionately increased, and the Exercise Price, be proportionately reduced.
- 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.

In the event of 'Corporate Action', the Nomination & Remuneration Committee, at least seven days prior to any 'Corporate Action' or thirty days thereafter, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives:

- Provide that on any exercise of Options hereafter, the Employee shall be entitled to the Shares and / or Resultant Shares as if the Employee had been a Holder of the Shares on exercise of the Options.
- Make such adjustments to the Options outstanding to reflect the 'Corporate Action', as may be necessary,
- Require the mandatory surrender to the Company, by all or some of the Employees, of all or some of the outstanding Options, irrespective of whether, the Options, have vested or not, as on that date, and in such an event the Nomination & Remuneration Committee shall recommend the company to pay such Employees an amount in cash or otherwise, per Option, as the case may be, of the 'Change in Control Value' after deducting the balance Exercise Price payable, if any.

## **24 Amendment or Termination of Plan**

Subject to the terms of the SEBI (Share Based Employee Benefits) Regulations, 2014 / Companies Act, 2013, the Company may by special resolution in a general meeting vary the terms of the Plan at any time before Exercise by Employees provided that such variation is not prejudicial to the interests of the Option holders. The notice for passing a special resolution for variation of terms of the Plan shall disclose full details of the variation, the rationale therefore, and the details of the Employees who are beneficiaries of such variation.

Without prejudice to the above, the Board of Directors, without any reference to or consent of the Employee concerned, amend the Plan or Grant or any Agreement to comply with any laws, regulations or guidelines, which is or may hereinafter, become applicable to this Plan.

## **25 Others**

### **25.1 No right to a Grant**

Neither the adoption of the Plan nor any action of the Nomination & Remuneration Committee shall be deemed to give an Employee any right to be granted an Option to purchase Shares, to receive a



Grant or to any other rights hereunder except as may be evidenced by an Option Agreement duly executed on behalf of the Company, and then only to the extent of and on the terms and conditions expressly set forth therein.

#### **25.2 No Employment Rights Conferred**

Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his or her employment at any time.

#### **25.3 No Restriction of Corporate Action**

Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any future Grant under the Plan. No Employee, beneficiary or other person shall have any claim against the Company as a result of such action.

#### **25.4 Tax deduction at source**

The Company shall have the right to deduct, in connection with all Grants, any taxes, if any, required by law to be deducted at source and to require any payments necessary to enable it to satisfy such obligations.

Upon giving not less than 21 days' notice to the employee to the amount of tax, the Company shall be empowered to sell such number of Shares as would be necessary to discharge the obligation in the respect of tax deduction at source and appropriate the proceeds thereof on behalf of the employee.

#### **25.5 Confidentiality**

The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Option Agreement or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Nomination & Remuneration Committee may deem fit without prejudice to the other action which may be taken in this regard

#### **25.6 Insider Trading**

The Employee shall ensure that there is no violation of:

- Insider Trading Regulations of the Country and/or the recognized stock exchange on which the shares of the Company are listed.
- Other applicable restrictions for prevention of Fraudulent and/or Unfair Trade Practices relating to the Securities Market.

The Employee shall keep the Company, the Board and the Nomination & Remuneration Committee, fully indemnified in respect of any liability arising for violation of the above provisions.

#### **25.7 New Plans**

Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by Company, from implementing any other new employee ownership plan which is



deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any Grant made under the Plan.

#### **25.8 Issues**

In respect of any issues arising in respect of the Plan, the decision of the Board and/or the Nomination & Remuneration Committee shall be final and binding on all concerned.

#### **25.9 Information to Employees**

Grantees under the Plan shall receive financial statements annually regarding the Company during the period the Options are outstanding.

#### **25.10 Any outflow under ESOP scheme**

Any outflow for the Company on any account including but not limited to any tax, cess, duty or levy (including Perquisite Value Tax) etc., as applicable from time to time at present or in future due to/under this Plan shall be recoverable from the concerned Employee within the same financial year.

#### **25.11 Accounting Policies**

The Company shall comply with the accounting policies specified in the SEBI (Share Based Employee Benefits) Regulations, 2014 and any guidance note issued by ICAI in this regard.

#### **25.12 Certificate from the Auditors**

The Board shall at each annual general meeting place before the shareholders of the Company a certificate from the auditors of the Company that the Plan has been implemented in accordance with the Applicable Laws and in accordance with the resolution of the Company in the general meeting.

#### **25.13 Governing Law**

The Plan shall be construed in accordance with and subject to the laws of Republic of India and other Applicable Laws. The shares issued pursuant to this Scheme shall be governed by Laws of the India and in a case where the Shares are listed on a stock exchange in a country other than India, the laws of the country/stock exchange in which the Shares are listed shall also apply.

The courts at New Delhi shall have the exclusive jurisdiction.

