

**ZEN TECHNOLOGIES LIMITED EMPLOYEE STOCK OPTION  
PLAN – 2021**

**1. Introduction:**

- 1.1** This Scheme shall be called the “**Zen Technologies Limited Employee Stock Option Plan – 2021**” hereinafter referred as “**the Scheme**”.
- 1.2** The Scheme was approved by the Board of Directors and Shareholders of the Company on 24<sup>th</sup> July 2021 and 28<sup>th</sup> August 2021 respectively and was amended by the board of directors of the Company on 6<sup>th</sup> September, 2021 to incorporate the requisite changes in terms of the Securities And Exchange Board Of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021.
- 1.3** The Scheme shall be effective from the date of approval of the Scheme by the shareholders of the Company (i.e.) 28<sup>th</sup> August 2021.

**2. Term of the Scheme:**

- 2.1** The Scheme shall continue in effect unless terminated by the Board of Directors or until all Options available to be granted under the Scheme are fully exercised.
- 2.2** Any such termination of the Scheme shall not affect Options already granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Grantee / Nominee / Legal Heirs and the Company.

**3. Purpose of the Scheme:**

- 3.1** The Purpose of the Scheme includes the followings:
- 3.1.1** To motivate the Employees to contribute to the growth and profitability of the Company.
- 3.1.2** To retain the Employees and reduce the attrition rate of the Company.
- 3.1.3** To achieve sustained growth and the creation of Shareholder value by aligning the interests of the Employees with the long term interests of the Company.
- 3.1.4** To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
- 3.1.5** To provide additional deferred rewards to Employees.



4. **Definitions:**

4.1 In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against.

4.1.1 **“Applicable Law”** means every law relating to Employee Benefit Schemes in force, including, without limitation to, Companies Act, 2013 and Rules framed there under, Securities And Exchange Board Of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021 (hereinafter referred as **“SBEBASE Regulations”**) and includes all applicable regulations, rules, notifications, circulars, guidance notes issued by SEBI and stock exchanges or any other competent authority and includes any statutory modifications or re-enactment thereof, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable.

4.1.2 **“Associate Company”** shall have the same meaning as defined in SBEBASE Regulations

4.1.3 **“Board of Directors”** means the Board of Directors of the Company.

4.1.4 **“Body Corporate”** shall have the same meaning as defined in section 2(11) of the Companies Act. 2013, as amended from time to time.

4.1.5 **“Cashless Exercise”** means making of an application in such manner and on such format as may be prescribed by the Committee, from time to time, by the Grantee to the Company and the Trust, directing the Trust to sell the requisite number of Shares in lieu of Options exercised and crediting the sale proceeds after adjustment of Exercise Price, applicable income tax amounts and other amounts, if any, in accordance with the terms and conditions of the Scheme and Grant.

4.1.6 **“Committee”** means Nomination and Remuneration Committee of the Company constituted by the Board of Directors comprising such number members of the Board of Directors as provided under regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirement Regulations) 2015 as amended from time to time and is designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with SBEBASE Regulations.

4.1.7 **“Company”** means **Zen Technologies Limited**



- 4.1.8 **“Corporate action”** includes rights issues, bonus issues, changes in capital structure, merger and sale of division/undertaking or any other reorganization.
- 4.1.9 **“Directors”** means a Director appointed to the Board of Directors of the Company shall have same meaning as defined under SBEBASE Regulations.
- 4.1.10 **“Employee”** means:
- a. an employee as designated by the company, who is exclusively working in India or outside India; or 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, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or
  - c. an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include—
    - (i) an employee who is a promoter or a person belonging to the promoter group; or
    - (ii) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company;
- 4.1.11 **“Eligibility Criteria”** means the criteria, as may be determined from time to time by the Committee, for grant or vesting of Options in compliance with SBEBASE Regulations.
- 4.1.12 **“Exercise”** means making of an application in such manner and on such format as may be prescribed by the Committee, from time to time, by the Grantee, to the Company and the Trust in accordance with terms and conditions of the Scheme against vested options for issue of shares.
- 4.1.13 **“Exercise Period”** means the time period after vesting within which a Grantee can exercise / cashless exercise his right against the vested Options.
- 4.1.14 **“Exercise Price”** means the price payable by the Grantee for exercising the Options granted to him in pursuance to the Scheme.
- 4.1.15 **“Fair Value”** means the fair value of an Option calculated in accordance with accounting policies specified in the Regulation 15 of SBEBASE Regulations.
- 4.1.16 **“Grant”** means the process by which the company issue of Options to the Grantee under the Scheme.



- 4.1.17 “Grant Date”** means the date on which the Committee approves the grant of Options to an Employee. For accounting purposes, the grant date shall be determined in accordance with SBEBASE Regulations.
- 4.1.18 “Holding Company”** shall have the same meaning as defined in regulation 2 of Securities and Exchange Board of India (Listing Obligations and Disclosure requirement Regulations) 2015 and section 2(46) of the Companies Act. 2013, as amended from time to time.
- 4.1.19 “Independent Director”** shall have the same meaning as defined in regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure requirement Regulations) 2015 and section 2(47) of the Companies Act. 2013, as amended from time to time.
- 4.1.20 “Market price”** the latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date or such other price as may be prescribed under applicable law.

Explanation: 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.

- 4.1.21 “Options / Employee Stock Options”** means the option given to an employee, which gives such an employee a right to purchase or subscribe at a future date, the shares offered by the company, directly or indirectly, at a pre-determined price in accordance with this Scheme.
- 4.1.22 “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 Grantee was capable of performing immediately before such disablement, as determined by the Board of Directors based on a certificate of a medical expert identified by the Company.
- 4.1.23 “Promoter”** shall have the same meaning as defined in regulation 2 of SBEBASE Regulations as amended from time to time.
- 4.1.24 “Promoter Group”** shall have the same meaning as defined in regulation 2 of SBEBASE Regulations, as amended from time to time.
- 4.1.25 “Relative”** shall have the same meaning as defined as defined in regulation 2 of SBEBASE Regulations, as amended from time to time.
- 4.1.26 “Relevant date”** “relevant date” means:



- (i) in the case of grant, the date of the meeting of the committee on which the grant is made; or
- (ii) in the case of exercise, the date on which the notice of exercise is given to the company or to the trust by the employee;

4.1.27 **“Scheme”** shall mean the **Zen Technologies Limited Employee Stock Option Plan–2021** and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.

4.1.28 **“SBEBASE Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.

4.1.29 **“SEBI (LODR) Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.

4.1.30 **“Shares”** means Equity Shares of the Company.

4.1.31 **“Subsidiary”** shall have the same meaning as defined in regulation 2 of SEBI (LODR) Regulations and section 2(87) of the Companies Act, 2013, as amended from time to time.

4.1.32 **“Trust”** shall mean **Zen Technologies Limited Employees Welfare Trust** established by the Company under the provisions of Indian Trust Act, 1882, including any statutory modification or re-enactment thereof, for implementing the Scheme.

4.1.33 **“Unvested Option”** means an Option, which is not vested.

4.1.34 **“Vested Option”** means an Option, which has vested in pursuance to the Scheme and has thereby become exercisable.

4.1.35 **“Vesting”** means the process by which the Grantee becomes entitled to receive the benefit of a grant made to him/her under the Scheme.

4.1.36 **“Vesting Date”** means the date on and from which the Option vests with the Grantees and there by becomes exercisable.

4.1.37 **“Vesting period”** means the period during which the vesting takes place.



4.1.38 "Whole Time Director" shall have the same meaning as defined in Section 2(94) of the Companies Act, 2013, as amended from time to time.

**Interpretation:**

**In this document, unless the contrary intention appears:**

- a) The singular includes the plural and vice versa;
- b) The word "person" includes an individual, a firm, a body corporate or unincorporated body or authority; and
- c) Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.
- d) Any word which is not defined under the Scheme shall be interpreted in line with SEBI SBEBASE Regulations.
- e) Articles headings are for information only and shall not affect the construction of this document.
- f) A reference to an article is respectively a reference to an article of this document.
- g) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

**5. Implementation & Administration:**

5.1 The Company proposes to implement the Scheme through Trust Route wherein the Trust shall acquire the Shares by:

5.1.1 Direct allotment from the Company and/or

5.1.2 Acquisition from the secondary market

5.2 The Shares so acquired by the Trust will either be:

5.2.1 transferred to the Grantees as and when the Options are exercised and/or

5.2.2 will be sold by the Trust and the sale proceeds after adjustment of Exercise Price, applicable income tax amounts and other amounts, if any will be transferred to the Grantees in accordance with the terms and conditions of the Scheme when Options are cashless exercised.

5.3 Subject to applicable laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee which may delegate some or all of its power to the Trust as it may deem fit for proper administration of the Scheme.



- 5.4 The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.
- 5.5 Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 5.6 The Committee shall subject to applicable laws, inter alia, have powers to do following:
- 5.6.1 To delegate its duties and powers in whole or in part as it may decide from time to time to the Trust.
  - 5.6.2 To decide upon stopping the Options which were lapsed, forfeited or surrendered under any provisions of the Scheme from re granting.
  - 5.6.3 To increase or decrease the pool of Options to be granted under Scheme.
  - 5.6.4 To increase or decrease the pool of Shares to be issued under Scheme.
  - 5.6.5 To identify the Employees eligible to participate in the Scheme.
  - 5.6.6 To finalize the eligibility criteria for grant of Options.
  - 5.6.7 To determine the Employees eligible for grant of Options.
  - 5.6.8 To determine the number of Options to be granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
  - 5.6.9 To decide upon granting of Options to new Joiners.
  - 5.6.10 To determine the grant date.
  - 5.6.11 To grant Options to one or more eligible Employees.
  - 5.6.12 To calculate the exercise price after giving discount / charging premium on the market price, if deems fit.
  - 5.6.13 To extend the period of acceptance of grant.
  - 5.6.14 To decide the vesting period subject to minimum and maximum period of vesting as stated in Scheme.
  - 5.6.15 To determine the vesting schedule for each Grantee.
  - 5.6.16 To finalize the eligibility criteria for vesting of Options.
  - 5.6.17 To determine the Employees eligible for vesting of Options.
  - 5.6.18 To decide upon the mode and manner of exercise.
  - 5.6.19 To allot Shares to Trust.
  - 5.6.20 To grant loan to trust for secondary acquisition of shares from the market.
  - 5.6.21 To decide upon treatment of vested and unvested Options in cases of cessation



of employment as specified in the Scheme.

- 5.6.22** To decide upon the treatment of vested and unvested Options in the event of Corporate Actions taking into consideration the following:
- a. the number and price of Options shall be adjusted in a manner such that the total value to the Grantee of the Options remains the same after the Corporate Action;
  - b. the vesting period and the life of Options shall be left unaltered as far as possible to protect the rights of the Grantee who has been granted such Options.
- 5.6.23** To cancel all or any granted Options in accordance with the Scheme.
- 5.6.24** To accelerate the vesting of Options on a case to case basis, subject to completion of minimum 1 year from the date of grant.
- 5.6.25** To decide upon treatment of vested and unvested Options in cases of dispute between the Grantee and Company.
- 5.6.26** To finalize letters and other documents, if any, required to be issued under the Scheme.
- 5.6.27** To re-price the Options which are not exercised, whether or not they have been vested, if the Options rendered unattractive due to fall in the price of the Shares in the market.
- 5.6.28** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- 5.6.29** To terminate the Scheme.
- 5.6.30** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- 5.6.31** To determine or impose other conditions to the grant of Options under the Scheme, as it may deem appropriate.
- 5.6.32** To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the Employees.
- 5.6.33** To determine the procedure for the procedure for funding the exercise of options deems fit.
- 5.6.34** To decide upon vesting/un-vesting of the options in case of permanent incapacity.
- 5.7** The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case; the said powers shall be exercised accordingly.



5.8 A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any Options to himself.

**6. Pool of the Scheme:**

6.1 The amount of Options that may be granted pursuant to this Scheme shall not exceed 40,00,000 (Forty Lakhs Only) which shall be convertible into equal amount of Shares unless otherwise determined by the Committee.

6.2 if any Options granted under the Scheme lapsed, cancelled, forfeited, terminated surrendered or settled under any provision of the Scheme, such Option shall be available for further grant under the Scheme unless otherwise determined by the Committee.

6.3 Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of corporate action.

6.4 The Company reserves the right to increase or decrease such number of Options and Shares as it deems fit, in accordance with the applicable laws.

**7. Zen Technologies Limited Employees Welfare Trust:**

7.1 Zen Technologies Limited Employees Welfare Trust is the Trust established by the Company, to subscribe, acquire, purchase, hold and deal in equity shares of the Company for the purpose of implementation of Zen Technologies Employee Stock Option Plan – 2021 or such other employee benefit Plan/Scheme as may be introduced by the Company from time to time extending benefits of the such Scheme(s)/ Plan to the Employees.

7.2 Subject to approval of the members, the Trust shall acquire Shares by way of subscribing the fresh shares issued and allotted by the Company and/or by way of secondary Acquisition. Subject to applicable law and subject to approval of the Committee the Trust shall hold, transfer to the grantees or sell such shares.

7.3 Company may implement several Employee Benefit Schemes through the Trust.

7.4 The Trust will keep and maintain proper books of account, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of Scheme.



- 7.5 No person shall be appointed as a Trustee, if he
- is a Director, Key Managerial Personnel or Promoter of the Company or its Holding, Subsidiary or Associate Company or any relative of such Director, Key Managerial Personnel or Promoter; or
  - beneficially holds ten percent or more of the paid-up share capital of the Company.
- 7.6 The Trustees of the Trust shall not vote in respect of the Shares held by such Trust, so as to avoid any misuse arising out of exercising such voting rights.
- 7.7 The Trustee shall ensure that appropriate approval from the Shareholders has been obtained by the Company in order to enable the Trust to implement the Scheme(s) and undertake secondary acquisition for the purposes of the Scheme(s).
- 7.8 The Trust shall not deal in derivatives, and shall undertake only delivery-based transactions for the purposes of secondary acquisition as permitted by SBEBASE Regulations.
- 7.9 For the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as 'non-promoter and non-public' shareholding.
- 7.10 The Trust shall transfer the Shares to Grantees in the manner specified in the trust deed. The Trustee(s) of the Trust shall administer the transfer of Shares to the Grantee as per the directions of the Committee and as stipulated in the Scheme.
- 7.11 For the purpose of acquisition of Shares by the said Trust, the Trust may be funded by the Company, either through an interest free loan or any other form of financial assistance permissible under Applicable Laws. The Trust may take loan from banks or any other person/source under Applicable Laws which shall be repaid by the Trust after completion of the allotment of the shares or the cashless exercise, as the case may be. Further, the interest cost towards repayment of loan by the trust and the expenses for the difference between the price of the shares and the price of options shall be borne by the Company.
- 7.12 The amount of loan to be provided for implementation of the Scheme by the Company to the Trust Shall not exceed 5% of the paid up equity capital and free reserves as provided in companies Act, 2013. The tenure of such loan shall be the point where the objects of the Trust are accomplished or the repayment of loan is made, whichever is earlier. The utilization of such loan shall be for the objects of the Trust as mentioned in trust deed. The Trust shall repay the loan to the Company by utilizing the proceeds realised from exercise of Options by the Grantees and the accruals of the Trust at the time of termination of the Scheme or in such other permissible manner.



- 7.13 The Trust shall not become a mechanism for trading in Shares and hence shall not sell the Shares in secondary market except as provided in SBEBASE Regulations and except to enable the employee to fund the payment of the exercise price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to exercise of options granted under the scheme or any other purpose as may be permitted by SBEBASE Regulations.
- 7.14 The total number of Shares under secondary acquisition held by the Trust shall at no time exceed 5 (Five) percent of paid up equity capital as at the end of the financial year immediately prior to the year in which the Shareholder approval is obtained for such secondary acquisition.
- 7.15 Further, the secondary acquisition in a financial year by the Trust shall not exceed 2 (Two) percent of the paid up equity capital as at the end of the previous financial year.
- 7.16 The above limits shall automatically include within their ambit the expanded or reduced capital of the company where such expansion or reduction has taken place on account of corporate action(s) including rights issues, bonus issues, changes in capital structure, merger and sale of division/undertaking or any other reorganization.
- 7.17 The un-appropriated inventory of Shares which are not backed by grants, acquired through secondary acquisition by the Trust, shall be appropriated within a reasonable period which shall not extend beyond the end of the subsequent financial year, or the second subsequent financial year subject to approval of the committee for such extension to the second subsequent financial year.
- 7.18 The Trust shall be required to hold the Shares acquired through secondary acquisition for a minimum period of six months, except under the circumstances as defined in SBEBASE Regulations, before the same can be transferred to the Grantees upon exercise of Options under the Scheme.

**8. Eligibility Criteria's/Identity of classes of persons eligible under the scheme:**

Only Employees are eligible for being granted Options under the scheme. Pursuant to applicable provisions of the law, the committee shall identify the class of persons eligible under the scheme. The specific Employees to whom the Option would be Granted and their Eligibility Criteria shall be determined by the Committee at its sole discretion.

8.1 The Committee may on the basis of all or any of the following criteria, decide on the Employees / Grantees who are eligible for the grant / vesting of Options under the Scheme and the terms and conditions thereof.

- Level and role of the Employee in the Company
- Loyalty: It will be determined on the basis of tenure of employment of an Employee / Grantee in the Company.



- Performance of Employee / Grantee: Employee's / Grantee's performance during the financial year on the basis of the parameters decided by the Board of Directors.
- Performance of Company: Performance of the Company as per the standards set by the Board of Directors.
- Designation: Employee's designation in the Career Group as per the HR Policy of the Company.
- The present and potential contribution of the Employee to the success of the Company.
- High market value/difficulty in replacing the Employee.
- High risk of losing the Employee to competition.
- Value addition by the new entrant, if any.
- Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.

8.2 The Employees / Grantees satisfying the eligibility criteria shall be termed as eligible Employee / Grantee.

8.3 New Joiners can also participate in the Scheme and be granted Options based upon the discretion of the Committee.

8.4 Employees on probationary period shall not be eligible for grant in the Scheme. Upon the completion of the probation period they become eligible for the grant in the Scheme.

8.5 Nothing in the Scheme or in any Option granted pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time.

8.6 Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

## 9. Grant of Options:

9.1 The Committee shall grant Options to one or more eligible Employees, in accordance with the terms and conditions of the Scheme for the time being in force and subject to Employee's employment terms or his continuity in the employment, and other parameters as set out by the Committee, if any.

- The maximum number of Stock Options to be granted to any eligible employee shall be decided by the Committee.
- The maximum number of options that may be granted per employee and in



aggregate shall vary depending upon the designation and the appraisal/assessment process,

- The Committee reserves the right to decide the number of options to be granted and the maximum number of options that can be granted to each employee within this ceiling.

- 9.2 Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant. The Committee may decide to grant such number of Options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.
- 9.3 The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme will be the difference between the market value of Company's Share on the Stock Exchanges as on the date of exercise of Options and the Exercise Price paid by the Employee
- 9.4 The grant of Options shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of Options granted, exercise price, vesting schedule, and the other terms and conditions thereof.
- 9.5 No amount shall be payable by an Employee at the time of grant of Options.
- 9.6 Upon grant, an eligible Employee shall become Grantee under the Scheme.
- 9.7 Unless agreed otherwise between the Company and any Employee and subject to the corporate action(s) taken by the Company, if any, the grant of 1 (One) Option to an Employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Share in the Company upon payment of exercise price.
- 9.8 The Options granted to the eligible Employees shall not be transferable to any other person.
- 9.9 The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.
- 9.10 As a condition to the receipt of benefits hereunder, each Grantee may be required to execute related agreements, in a form satisfactory to the Committee, which may include but are not limited to, a non-competition, confidentiality, non-solicitation, non-Interference, adherence to code of conduct or non-disclosure agreement with the Company as well as tax indemnification agreements in connection with the grant of the Options.



**10. Method of Acceptance:**

- 10.1** Any Grantee who wishes to accept the grant made pursuant to the Scheme, must deliver a signed copy of grant letter to the Committee or any of its authorized representatives within 30 days from the date of receipt of the grant letter. The Committee may extend the said period of 30 days for such duration as it may deem fit for the benefits of the Grantees.
- 10.2** Any Grantee who fails to return the signed copy of grant letter and/or fails to provide his acceptance within the above-mentioned time period shall, unless the Committee determines otherwise, be deemed to have rejected the grant and the Company is not liable to pay any such amount on such rejection.
- 10.3** The Grantee is not required to pay any amount at the time of acceptance of the offer. Any acceptance letter received after the period stated above shall not be valid.
- 10.4** Subject to the terms contained herein, the acceptance in accordance with this article, of a grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an unvested Option.

**11. Vesting of Options:**

- 11.1** Vesting period shall commence after minimum 1 (One) year from the grant date and it may extend upto maximum of 5 (five) years from the grant date, at the discretion of and in the manner prescribed by the Committee.
- 11.2** Vesting of Options will be on yearly basis and can vary from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.
- 11.3** The Vesting Schedule and terms and conditions thereof will be communicated to the grantees through grant letter. Subject to applicable law, the Committee shall have the power to determine 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; and has the power modify or accelerate the vesting schedule.
- 11.4** The minimum vesting period of 1 (One) year as specified in article 11.1 above shall not apply in the event of death of the employee while in employment, all the options, granted under the scheme to him/her till his/her death shall vest, with effect from the date of his/her death, in the legal heirs or nominees of the deceased employee, as the case may be.
- 11.5** The Actual vesting may further be linked with the eligibility criteria, as determined by the Committee and mentioned in the grant letter.



11.6 The Committee shall have the power to modify or accelerate the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) Year between the grant and first vesting.

11.7 The Options which get lapsed due to eligibility Criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee.

11.8 Further any fraction entitlement, to which the Grantee would become entitled to upon vesting of Options, then the Options to be actually vested, be rounded off to nearest lower integer.

## 12. Exercise of Options:

12.1 After vesting, the Options can be exercised in either of the following routes:

- a. **Cash Route:** - In this route, the Grantee will receive the Shares equivalent to the number of the Options exercised in accordance with the terms and conditions of the Scheme and as mentioned in grant letter after the Grantee has made the payment of the Exercise Price and applicable income tax.
- b. **Cashless Route:** In this case, the Grantee will receive the sale proceeds of the Shares equivalent to the number of the Options in accordance with the terms and conditions of the Scheme after deduction of the Exercise Price, applicable Income Tax and other charges, if any.

12.2 The exercise period shall be 2 (two) years from the date of last vesting. Failure to comply within this time period, after accepting the same, shall result in lapsing of vested options in the hands of Grantee.

12.3 The mode and manner of the exercise shall be communicated to the Employees individually.

12.4 Upon valid exercise:

- a. **Cash Route:** The Trust will transfer Shares to the Grantees.
- b. **Cashless Route:** The Committee will inform the Trust the amount of applicable income tax to be withheld from the sale proceeds of the Shares. The Trust will sell the number of Shares and disburse the sale proceeds (after deducting the Exercise Price, applicable taxes and other amount, if any) to the bank account of the Grantee. The Trust will retain the Exercise Price and pay the tax amount so collected upon sale, to the Company.

12.5 Upon such transfer the Grantee shall become member of the Company.



- 12.6 Notwithstanding anything contained elsewhere in the Scheme, the Trust in consultation with the Company, may not transfer Shares, in the event of the Grantee 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 on, or recourse to the Company.
- 12.7 If the vesting or exercise of Options is prevented by any law or regulation in force and the Trust is forbidden to transfer Equity Shares pursuant to exercise of Options under such law or regulation, then in such an event the Company or the Trust shall not be liable to compensate the Grantee in any manner whatsoever.
- 12.8 The 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, the Company shall not be liable to compensate the Grantee in any manner.

**13. Exercise Price:**

- 13.1 Subject to SEBI Regulations, the Committee shall determine the Exercise Price of the Options Granted under the Plan, as it may deem appropriate in conformity with the applicable accounting policies, if any, provided that the Exercise Price shall not be less than the face value of the Shares and not higher than the prevailing Market Price (on Stock Exchange with highest volume) of the Shares of the Company as on the Grant Date as discounted by such percentage as may be determined by the Committee in its absolute discretion. The Committee can vary the discount rates from Grantee to Grantee as per its discretion. The Exercise Price/ Formulae will be intimated to the Option Holder through the Grant Letter/Award Agreement. No amount shall be payable at the time of Grant of Options. The Exercise Price shall be subject to any fair and reasonable adjustments that may be made on account of Corporate Actions of the Company in order to comply with the SEBI Regulations.
- 13.2 Under the Cash Route, the aggregate exercise price payable at the time of exercise shall be paid by a cheque or demand draft drawn in the name of the Trust i.e., **Zen Technologies Limited Employees Welfare Trust**.
- 13.3 The tax amount arising at the time of exercise of Options shall be payable at the time of exercise by a cheque or demand draft drawn in the name of the Company i.e., **Zen Technologies Limited**.
- 13.4 The liability of paying taxes, if any, on the Options Granted pursuant to this Scheme and the Shares issued pursuant to Exercise of the Options shall be entirely on the Option Grantee. In the event of any tax liability arising on account of the scheme to the Company and/or the Subsidiaries or the holding company, including any tax



liability arising on account of the applicable fringe benefit tax paid or payable by the Company and/or the Subsidiaries or the holding company in respect of the Vesting, Exercise, release, or cancellation of the Options Granted by the Company, the Company, the Subsidiary or the holding company (as the case may be) shall have the right to collect the same from the Employees. In this regard, the Company may require security for such reimbursement of taxes as a precondition to Exercise of any Option to the Option Grantee.

- 13.5** The Company shall have the right (and cause its relevant Subsidiary or holding company) to deduct from the Option Grantee's salary, any of the Option Grantee's tax obligations arising in connection with the Employee Stock Options or the Shares acquired upon the Exercise thereof.
- 13.6** Upon Exercise of Options by a Grantee, the Company shall have no obligation to deliver the Shares until the tax deduction obligations of the Company or the Subsidiary or the holding companies, as the case may be, have been satisfied by the Employee in accordance with Applicable Law.
- 13.7** Under Cashless Route exercise, the Trust shall deduct the exercise price payable by the Grantee, tax amount and other charges, if any before transferring the Sale proceeds.
- 13.8** The Company may re-price the options, which are not exercised, whether or not they have been vested, if the schemes were rendered unattractive due to fall in the price of the shares in the stock market. Provided that the company ensures that such re-pricing is not detrimental to the interests of the employees and approval of the shareholders by a special resolution has been obtained for such re-pricing.

**14. Cessation of Employment:**

Subject to the employment terms of a Grantee, the following terms shall be applicable:

**14.1 In the event of cessation of employment due to death:**

- a) In the event of death of the employee while in employment, all the options, any other benefit granted to him under a scheme till such date shall vest in the legal heirs or nominees of the deceased employee.
- b) All Options granted as on date of death would vest in the Legal Heirs / Nominee of the Grantee on the date of death of the employee.
- c) The Options would be exercisable by the Legal Heirs / Nominee within a period of 3 (Three) months from the date of vesting failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.
- d) All other terms and conditions of the Scheme shall apply to such Options. Provided that, in order to exercise the Options of the deceased Grantee, the Legal Heirs / Nominee have to submit the following documents to the Company, to the satisfaction of the Committee and the Committee may at its discretion waive off the requirement to submit any of the documents:



**A. In case nominee is not appointed**

- Copy of the succession certificate / probate of will / letter of administration.
- No objection certificate from the other legal heirs.
- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

**B. In case nominee is appointed**

- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

**14.2 In the event of cessation of employment due to permanent incapacity:**

In case the employee suffers a permanent incapacity while in employment, all the options granted to him/her under a scheme as on the date of permanent incapacitation, shall vest in him/her on that day. The Options would be exercisable within a period of 3 (Three) months from the date of permanent disability, failing which the entire unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

**14.3 In the event of cessation of employment due to resignation or termination:**

- a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
- b) Subject the terms and conditions formulated by the committee in accordance with SBEBASE Regulations, all vested Options as on that date shall be exercisable by the Grantee by last day of employment in the Organization or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.



**14.4 In the event of cessation of employment due to retirement/superannuation**

- a) In the event of cessation of employment due to retirement or superannuation, the options granted to an employee would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation in accordance with the company's policies and the applicable law.

**14.5 In the event of cessation of employment due to termination (due to misconduct or ethical/ compliance violations)**

If a Grantee is terminated due to misconduct or ethical/ compliance violations, all Options granted whether vested or not shall stand terminated with immediate effect unless otherwise determined by the Committee, whose determination will be final and binding.

**14.6** In the event that a Grantee is transferred or deputed to an Associate Company / Subsidiary / Holding prior to vesting or exercise of Options, the vesting and exercise of Options, as per the terms of grant, shall continue in case of such transferred or deputed Grantee even after the transfer or deputation.

**14.7** In the event of a Grantee going on Long Leave, i.e. absence from the office for more than three months, the treatment of Options granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final & binding.

**14.8** In the event where a Dispute arises between Grantee and the Company, vesting and/or exercise of Options will be put on hold till the date of settlement, to the satisfaction of the Committee.

**14.9** The Committee may modify the terms of grant, vesting and exercise of options in case of cessation of employment as mentioned in foregoing paras 14.1 to 14.8.

**15. Lock in requirements:**

**15.1** The Shares transferred to the Grantees pursuant to exercise of Options will be subject to lock-in period from the date of exercise of options by the Grantee as the Committee may in its absolute discretion decide. The Committee may prescribe different lock in period for Grantee to Grantee as per its discretion.

**16. Terms and conditions of Shares:**

**16.1** Nothing herein is intended to or shall give the Grantee, any right to status of any kinds a Shareholder of the Company in respect of any Share covered by the grant unless the Grantee exercises the Options and becomes the registered Shareholder of the Company.



16.2 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 Options in whole or in part.

16.3 The Grantee shall abide by the Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015.

**17. Notices and correspondence:**

17.1 Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company/ Committee at the corporate or registered office of the Company or at the place as may be notified by the Company/ Committee in writing or at the specific designated email id of the Company.

17.2 Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and a Grantee shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the Grantee while accepting the Options granted to him/her or at the official email Id of the Grantee.

**18. Nomination of Beneficiary:**

18.1 Each Grantee under the Scheme may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his or her death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Grantee, shall be in a form prescribed by the Company and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.

**19. Corporate Action:**

19.1 Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'corporate action' as defined herein.

19.2 If there is a 'corporate action' of the Company before the Options granted under this Scheme are exercised, the Grantee shall be entitled on exercise of the Options, to such number of resultant Shares to which he/she would have been entitled as if all of the then outstanding Options exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a corporate action, the Committee, subject to



the provisions of applicable laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, exercise price and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the Options shall be left unaltered as far as possible.

**19.3** In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Scheme of such reconstitution / amalgamation / sell-off.

**19.4** In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.

**20. Disclosure and Accounting Policies:**

**20.1** The Company shall comply with the requirements of IND-AS / such other accounting standards or policies, as may be prescribed from time to time.

**20.2** The Company shall use Fair Value method or such valuation method as may be prescribed from time to time in accordance with applicable laws for computing the compensation cost for the Options Granted including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.\

**20.3** Compensation cost will be booked in the books of account of the Company as per the Accounting Standards.

**21. Taxability on the Grantee:**

**21.1** The exercisable Options are subject to the applicable provisions of the Income tax Act, 1961.

**21.2** The Option Holder shall be liable for any tax that may be attracted on the Option Holder receiving the Shares upon Exercise or upon Cashless Exercise of Options. All Options granted under the Plan shall be subject to deduction of applicable perquisite tax or any other tax at source as applicable under law, if at any time of Grant, Vesting or Exercise (or Cashless Exercise) of such Options or transfer of Shares, as per the Applicable Laws. The Company shall have a right to deduct appropriate tax from any payment due to the Option Holder from the Company under this Plan or under the employment agreement with the Option Holder. In the event that the amount so due and payable by the Company is insufficient to meet the withholding tax liability, the Company shall require the Option Holder to remit such amount to the Company as would be necessary to meet the tax withholding obligation of the Company.



**21.3** The Option Holder will authorize in a prescribed format the Company to sell such number of Shares as would be necessary to discharge the obligation in respect of tax deduction at source/recovery of tax paid and appropriate the proceeds thereof on behalf of the Option Holder, if so required.

**21.4** There would be a double point of Taxation on the Employee:

- **Point 1:** At the time of exercise, the difference between the market price of the Shares as on date of exercise and the exercise price will be added as a perquisite under salary in the month of exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

The payment of perquisite tax, in respect of exercise of the Options shall be made by the employee to the Company or the Company shall have the right to recover tax from the Grantee.

- **Point 2:** At the time of sale of the Shares of the company by the Grantee. On selling of the Shares, the concerned employee would be liable to income tax as per the applicable provisions of the laws at the time of sale of the Shares.

## **22. Surrender of Options:**

**22.1** Any Grantee to whom the Options are granted under this Scheme, may at any time, surrender his Options to the Company. In such case the Company would not be liable to pay any compensation to the Grantee on account of his surrender of Options. The Options so surrendered will be added back to the pool of the Scheme and pursuant to this the Grantee shall cease to have all rights and obligations over such Options.

## **23. Arbitration:**

**23.1** In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

**23.2** In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by Managing Director of the Company. The arbitration proceedings shall be held in Hyderabad, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Hyderabad, India.



**24. Governing Law:**

- 24.1** This Scheme and all related documents thereunder shall be governed by and construed in accordance with the SBEBASE Regulations and other applicable laws of India.
- 24.2** Any term of the Scheme that is contrary to the requirement of the SBEBASE Regulations or any other applicable laws shall not apply to the extent it is contrary.
- 24.3** The Courts at Hyderabad shall have exclusive jurisdiction on any matter arising out of this Scheme.

**25. Regulatory Approvals:**

- 25.1** The implementation of the Scheme, the Granting of any Options under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Grantee / Nominee / Legal Heirs of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Scheme. The Grantee / Nominee / Legal Heirs under this Scheme will, if requested by the Committee / Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

**26. Modification of Scheme:**

- 26.1** Subject to the approval of Shareholders, the Committee may, at any time:

- 26.1.1** Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee;
- 26.1.2** Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Grantee or class or category of Grantees. Each of such sets of special terms and conditions shall be restricted in its application to those specific Grantee or class or category of such Grantees.

- 26.2** Any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Grantees of the Company.

**27. Winding up of the schemes**

Subject to compliance with SBEBASE Regulations, in case of winding up of the schemes being implemented by a company, the excess monies or shares remaining with the trust after meeting all the obligations, if any, shall be utilized for repayment of loan or by way of distribution to employees or subject to approval of the shareholders, be transferred to another scheme under these regulations, as recommended by the committee.



**28. Confidentiality:**

Notwithstanding anything contained in this Scheme, the Grantee shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the applicable laws or any statutes or regulations applicable to such Grantee.

\*\*\*\*\* End of the Scheme \*\*\*\*\*

