

## **SRF LIMITED (SRF)**

### **EMPLOYEES LONG TERM SHARE BASED INCENTIVE PLAN 2018**

This scheme shall be termed as the SRF Limited (SRF) Employees Long Term Share Based Incentive Plan - 2018 ("SRF Plan 2018/ Plan" / "LTIP" or "SRF LTIP")

#### **A. TOTAL QUANTUM OF SHARES UNDER LTIP**

- a) The maximum number of Shares that may be issued under this LTIP (consisting of Part A and Part B as provided below) shall not exceed 0.5225% (zero point fifty two per cent) (i.e. not more than 3,00,000 equity shares) of the total paid up capital of the Company at end of Financial year immediately preceding the approval of the LTIP by the Shareholders. The Committee reserves the right to increase or reduce such number of Shares as it deems fit, subject to Applicable Laws.
- b) The Committee shall normally determine the number of Grants for an Eligible Employee, within the maximum limits applicable. However, the number of Grants for an individual Eligible Employee, during any year, shall be less than 0.5% of the paid up equity share capital of the Company, unless approved by way of a separate resolution in the general meeting of the Company.

LTIP covers the following:

**Part A-** SRF Employees Stock Option Scheme, 2018

**Part B-** SRF Employees Stock Purchase Scheme, 2018

#### **PART A- SRF EMPLOYEES STOCK OPTION SCHEME, 2018**

##### **1. NAME OF THE PLAN**

This plan shall be termed as the SRF Employees Stock Option Scheme, 2018 ("ESOS 2018" or "Part A" or "ESOS").

##### **2. EFFECTIVE DATE**

ESOS 2018 shall be effective on the approval from the shareholders and shall continue to be in force until the date on which all of the Options available for issuance under the ESOS have been Granted and Exercised by the Eligible Employees.



### **3. PURPOSE OF THE ESOS**

The purpose of the ESOS is to attract and retain talented employees and create wealth in the hands of employees.

Such exercise will also create sense of ownership and participation amongst the employees and will ensure achievement of organizational performance goals along with creation of value for the shareholders.

### **4. DEFINITIONS**

In the ESOS, all capitalized terms will have the meaning as defined in Schedule A of this Plan. The serial number of clauses and sub-clauses referred to any clause in Part A shall mean and correspond to the serial numbers of the clauses and sub-clauses of Part A only.

### **5. ADMINISTRATION OF THE ESOS**

- a) The ESOS will be administered by the Committee or any Trust as may be decided by the Committee under the supervision of the Committee, hereinafter referred to as the "Trust".
- b) Subject to the provisions of the ESOS and Applicable Laws, the Committee/Trust will award Options, interpret the ESOS for the purposes of administering the ESOS, and make such other determinations and take such actions as it deems necessary or advisable. The Committee or Trust (as the case may be) may rely upon the advice and assistance of any professional it deems appropriate in administering the ESOS.
- c) Any decision of the Committee or Trust (as the case may be) in the administration of the ESOS , as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Eligible Employees or their Beneficiaries).
- d) No Director of the Company or trustee of the Trust will be liable for any action or determination taken or made in good faith.

### **6. ROLE OF THE COMMITTEE**

- a) The Committee shall be fully empowered to implement the ESOS to establish, amend and rescind any further rules and regulations relating to implementation not inconsistent with this ESOS , and to make any other determinations which it deems necessary or desirable for the administration of the ESOS including but not limited to the following:
  - I. identify the Eligible Employees to participate under the ESOS;
  - II. determine the number and timing of Options to be granted to such Eligible Employee and in aggregate, subject to the ceiling specified herein;
  - III. determine the Grant Date, Exercise Period and Exercise Date;
  - IV. determine the terms and conditions including price for Exercising the Vested Options and any modifications thereto;
  - V. determine the terms and conditions, not inconsistent with the terms of the ESOS, of any Option granted hereunder;
  - VI. determining the Exercise Price, lock-in, performance evaluation criteria and performance conditions and period;



- VII. determine the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of any corporate action(s) such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring;
- VIII. determine the procedure for cashless Exercise, if required;
- IX. determine the Grant, Vesting and Exercise of options in case of Eligible Employees who are on long leave;
- X. determine the conditions in which Vested Options or Unvested Options may be withdrawn or reduced;
- XI. determine the treatment of the Options held by a Eligible Employee in case of suspension/termination of services or in case of any inquiry for a Cause in relation to that Eligible Employee;
- XII. to make arrangements for listing and trading of the Shares issued under the ESOS on the stock exchanges on which the Shares of the Company are listed;
- XIII. supervise the Trust, and resolve any issue that arises in the operationalisation of the ESOS through the Trust, if any, and to direct the Trust as and when required for smooth and proper operationalisation of the , as per the Applicable Laws; and
- XIV. perform such other functions and duties as shall be required under the Applicable Laws including to frame such policies as may be required under Applicable Laws.

- b) The Committee may correct any defect or supply any omission or reconcile any inconsistency in this ESOS or in any Grant in the manner and to the extent the Committee deems necessary or desirable to carry it into effect.
- c) Any decision of the Committee in the interpretation and administration of the ESOS, as described herein, shall lie within its sole and absolute discretion and shall be final and binding on all parties concerned including the Trust. No member of the Committee and no officer of the Company and no trustee of the Trust shall be liable for anything done or omitted to be done by him, by any other member of the Committee or by any officer of the Company or by any other trustee in connection with the performance of duties under this ESOS, except as expressly provided under Applicable Laws.
- d) The Committee shall implement the ESOS and resolve any issue pertaining thereto keeping in view the purpose of the ESOS to reward the employees while ensuring the creation of value for shareholders.
- e) The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended from time to time, by the trust, the company and its employees, as may be applicable.



## **7. ELIGIBILITY**

- a) "Employee" shall mean:
  - i. an employee as designated by the company, who is exclusively working in India or outside India; or
  - ii. 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
  - iii. an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary company, in India or outside India, or of a holding company of the company, but does not include
    - a) an employee who is a promoter or a person belonging to the promoter group; or
    - b) 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
- b) Following class / classes of employees are not eligible:
  - i) an employee who is a Promoter or belongs to the Promoter Group;
  - ii) 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 Equity Shares of the Company; and
- c) "Eligible employees" shall mean such Employees as are shortlisted by the Committee for Grant of Options under this ESOS and shall to the extent, permitted by Applicable Laws any other categories of personnel identified by the Committee, from time to time.

## **8. TOTAL QUANTUM OF SHARES UNDER ESOS**

- a) As per Clause A of Plan.

## **9. COMMUNICATION OF GRANT OF OPTIONS AND ACCEPTANCE OF GRANT**

- a) The Committee shall Grant necessary Options under the applicable Scheme to the Eligible Employees in accordance with terms and conditions of the ESOS for the time being in force. Such Grant shall be communicated by way of a grant letter substantially in form and manner provided in Annexure A ("Grant Letter").
- b) Each Option, upon Exercise, will entitle the Eligible Employee to 1 (one) Share.
- c) Grant of an Option under this ESOS does not entitle an Eligible Employee for options or benefits under any other plan of the Company.



- d) An Eligible Employee who has been granted Options under this ESOS and who wishes to accept the Grant, must deliver an acceptance form, in the form and manner substantially provided in Annexure B (“Acceptance Form”), to the Company / Committee with a copy to Trust, on or before the Closing Date stated in the Grant Letter.
- e) Any Eligible Employee who has been granted Options under this ESOS and who fails to return the Acceptance Form on or before the Closing Date shall, unless the Committee determines otherwise, be deemed to have rejected the Grant. Any Acceptance Form received after the Closing Date shall not be valid, unless the Committee determines otherwise.

## **10. VESTING OF OPTIONS**

- a) Subject to the terms contained herein, the acceptance of a Grant by an Eligible Employee shall bind such Eligible Employee to terms and conditions of the ESOS.
- b) The Vesting conditions in respect of the Options granted under the respective scheme shall be as determined by the Committee from time to time subject to a minimum vesting period of 1 year and a maximum vesting period of 8 years from date of grant of Options based on performance rating, period of service, rank or designation or such other parameters decided by the Committee from time to time. Upon commencement of this ESOS, subject to terms and conditions of this ESOS, the Options granted to Eligible Employees shall Vest as may be decided by the Committee.

Provided further, that in the event of death or permanent incapacity of an employee, the minimum vesting period of one year shall not be applicable and in such instances, the Options shall vest on the date of the death or permanent incapacity of the Option Grantee.

- c) The Eligible Employee shall not have any right to receive any dividend or to vote in respect of Options granted to him, till the Shares are allotted to the Eligible Employee upon Exercise of the Option.

## **11. EXERCISE**

- a) Unless otherwise determined by the Committee, the Exercise Price shall be not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on date of grant of Option which may be decided by the Committee.
- b) The options offered and the Exercise Price may be different for Eligible Employees from time to time, and shall be as determined at the time of every grant of options by the Committee.
- c) The Vested Options shall be exercisable on payment of Exercise Price, according to the terms and conditions as determined and set forth under the ESOS within a maximum period of 3 years from date of vesting of such Options.



- d) The Eligible Employee, who wishes to Exercise Options, shall at least a quarter before the relevant quarter in which he proposes to Exercise his Options, shall intimate such desire to Exercise Options to Trust or to the Company, as the case maybe, by way of an intimation letter, in the form and manner provided in Annexure C ("Intimation Letter").
- e) Basis the Intimation Letters received by the Trust during the relevant quarter, the Trust shall, within 2 working days of the end of each quarter, place a request with the /Committee in such form and manner as may be prescribed, for issue of such numbers of Shares to Trust for transfer to Eligible Employees. For the time being, the request shall be in the form and manner provided in Annexure D ("Request Letter"), by Trust to the Company.
- f) The Committee shall decide on exploring the options for issuance of shares, either by way of Primary issue or secondary acquisition subject to adherence with law and regulations as prevailing and in force from time to time.
- g) In case of secondary acquisition, the Trust shall acquire the shares from open market in single or multiple tranches at various points of time as may be decided by the Committee.
- h) In case of primary issue, the Company shall undertake necessary formalities to issue such number of Shares to the Eligible Employee or to the Trust in a single tranche or in multiple tranches as may be decided by Committee.
- i) The Shares issued by the Company from time to time shall rank pari passu in all respects with the issued Shares of the Company.
- j) Subject to Clause 13, the Eligible Employee alone can exercise the Vested Option.
- k) Exercise may be made by Eligible Employee in full or in part or in tranches, provided that no fraction of a Vested Option shall be exercisable in its fractional form.
- l) Exercise of the Options shall be conditional upon execution of such documents as may be required under the Applicable Laws for valid transfer of title to the Eligible Employee.
- m) The Exercise of an Option shall be deemed to take place only when the Trust / Committee receives Exercise Letter along with the total amount of Purchase Price, if applicable, for transfer of Shares against the Options granted, in the form and manner provided in Annexure E ("Exercise Letter") from the Eligible Employee or his Beneficiary. The payment, if any, shall be made by way of demand draft / wire transfer drawn in favour of the Trust or the Company, as the case maybe..
- n) Pursuant to receipt of Purchase Price, the Trust shall ensure that such number of Shares for which Exercise is made by the Eligible Employee, shall be transferred by the Trust to the Eligible Employees within 2 working days from the receipt of purchase price. Alternatively, the shares may be directly issued by the Company to the Eligible Employees within 2 working days from the receipt of purchase price, as the case maybe..



- o) Notwithstanding anything else contained in this ESOS, if the Eligible Employee or the Beneficiary, as the case may be, does not Exercise his Vested Options within the specified time frame, then the Options granted to such Eligible Employee shall lapse.

## **12. RESTRICTIONS ON TRANSFERABILITY**

No Option may be sold, given, transferred, assigned, pledged or otherwise hypothecated in any manner, and any attempted transfer in violation of these prohibitions will be void ab initio and not enforceable against the Company.

Provided however that, subject to Applicable Laws, the Trust / Committee may permit further transferability on case to case basis, on a general or specific basis, and may impose conditions and limitations on any permitted transferability.

## **13. TERMINATION OF EMPLOYMENT**

- a) On death of Eligible Employee

In the event of death of Eligible Employee while in employment, all the Options granted to him till such date shall vest in the Beneficiary of the deceased Eligible Employee.

All the Vested Options shall be permitted to be Exercised by the Beneficiary within 6 (six) months from the date of death of the Eligible Employee, unless otherwise specifically permitted by the Trust/Committee on a written request regarding the Exercise by the Beneficiary.

- b) On disability of Eligible Employee

In the event the termination of Eligible Employee's employment with the Company is as a result of his Permanent Incapacity, all the Options granted to him shall vest in Eligible Employee on the Termination Date.

All the Vested Options shall be permitted to be Exercised by the Eligible Employee within 6 (six) months from the date of his Permanent Incapacity, unless otherwise specifically permitted by the Trust/Committee on a written request regarding the Exercise by the Beneficiary (for or on behalf of the Eligible Employee). If the Eligible Employee is not in a medical condition to Exercise his Vested Options, a medical certificate to the said effect shall be produced with the Exercise Letter along with an indemnity letter.

- c) On attainment of superannuation age

In case the service of the Eligible Employee with the Company is terminated due to retirement on superannuation (any extension of employment, if granted, shall be ignored for this purpose), all the Unvested Options shall Vest immediately as on the Termination Date. In case the Eligible Employee retires within 1 year of grant of option, the retiring employee can exercise the Options on completion of 1 year from the date of grant.

All the Vested Options shall be permitted to be Exercised by the Eligible Employee within 12 (twelve) months from the date of retirement of the Eligible Employee, unless otherwise



specifically permitted by the Trust/Committee on a written request regarding the Exercise by the Eligible Employee.

d) Termination with Cause

In case the services of Eligible Employee with the Company is terminated for Cause (i.e. negligence, fraud, professional misconduct, moral turpitude, etc), the Options (whether Vested or not) shall lapse on the Termination Date.

If an Eligible Employee is suspended or a show cause notice has been issued to an Eligible Employee or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any Cause, all the Options granted to such Eligible Employee, may be suspended or kept in abeyance or cancelled at the sole discretion of the Committee. In case of the Grants that have been suspended or kept in abeyance, the same may be acquired by the concerned Employee only after the Committee specifically permits and on such additional terms and conditions, as may be imposed by the Committee in its absolute discretion. It is further provided that in case of such a situation, the Committee may direct that the Vesting and/or Exercise of Options be suspended till the conclusion of the said enquiry / proceedings.

e) Other terminations

In case of cessation of employment of the Eligible Employee for reasons other than those specified in above:

- I. All the Vested Options as on the Termination Date may be permitted by the Committee to be Exercised by the Eligible Employee before the expiry of the Exercise Period. Any Vested Option not Exercised within the Exercise Period shall lapse and stand forfeited at the end of the Exercise Period.
- II. All the Unvested Options on the Termination Date shall lapse and stand forfeited.

f) Long Leave

Long leave of the Eligible Employee, taken with approval of the human resources (HR) department of the Company, shall not have any effect on the ESOS as applicable to the Eligible Employee, unless otherwise decided by the Committee.

g) Removal of Director

In case the Eligible Employee is a director of the Company and in the event of his removal as a director of the Company for any reason, including vacation of office, disqualification or not being re-appointed, other than death, Permanent Incapacity, resignation and superannuation, such director may, within 30 (thirty) days from the Termination Date, exercise his Vested Options

The Unvested Options of such director as on the Termination Date shall lapse. Provisions provided above shall apply in the same manner to the termination of directorship on account of death, disability, superannuation, cause and other terminations, as the case may be.



**h) Merger, Amalgamation, Demerger, etc**

In the event that an Eligible Employee has been granted Options under the ESOS is transferred pursuant to a scheme of arrangement; amalgamation, merger or demerger or continued in the existing company, prior to the Vesting or Exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided such treatment shall not be prejudicial to the interest of the Eligible Employee.

**14. NOMINATION**

Each Eligible Employee under the ESOS shall nominate, in the form and manner provided in Annexure F ("Nomination Form")

from time to time, a Beneficiary (ies) to whom any benefit under the ESOS is to be delivered in case of his death during employment with the Company. Each such nomination shall revoke all prior nominations by the same Eligible Employee, and shall be in a form prescribed by the Company and will be effective only when filed by the Eligible Employee in writing with the Company during the Eligible Employee's lifetime. In the event of any dispute with regard to nominations, the last nomination provided by the Eligible Employee shall be regarded as final nomination and shall be binding. Upon delivery of the benefits, if any, to such Beneficiary, the Company's liability for delivery of such benefits shall stand discharged.

**15. CORPORATE ACTION**

In the event of corporate action such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring, the Committee, in consultation with the Trust, subject to the provisions of the ESOS, the number of Options (Vested as well as Unvested) or the Exercise Price in respect of the Options or both the number and the Exercise Price, may, but subject to the applicable rules and regulations, be determined to be such number and/or Exercise Price as is appropriate in accordance with the Applicable Laws.

**16. METHOD OF VALUATION AND WITHHOLDING TAX**

- a) The Company shall comply with the disclosure requirements in relation to the ESOS as prescribed under the Companies Act, 2013, SEBI Regulations and such other guidelines, circulars, clarifications, notifications etc., as may be issued by SEBI and any other appropriate authority from time to time.
- b) The Company shall comply with the requirements of the applicable Indian Accounting Standards regarding accounting of employee benefits under this ESOS.
- c) The Company is entitled to deduct the perquisite tax from the salary payable to the Eligible Employees upon Exercise of Options by them. Alternatively, any tax implication that may arise under the Plan to the Eligible Employee on allotment of the shares can be paid by the Company, if decided by the Committee.



- d) Notwithstanding anything elsewhere contained in this ESOS, no Shares will be disbursed to the Eligible Employee or his Beneficiary, on exercise of the Options under this ESOS unless appropriate taxes as required under the applicable tax laws, are discharged by the Eligible Employee or his Beneficiary, as the case may be or the said tax implication is borne by the Company if so decided by the Committee.

## **17. LOAN/ FINANCIAL ASSISTANCE FROM THE COMPANY**

Subject to the applicable provisions of the Companies Act, 2013, or any other law for the time being in force, the Company may provide such money either as loan or financial assistance or otherwise, to the Trust or Eligible Employee(s) for purchase/acquisition of the Shares and/ or for any other permitted purposes, as the Company may consider appropriate from time to time.

## **18. REGULATORY APPROVALS & COMPLIANCES (DISCLOSURES)**

- a) The implementation of the ESOS, the grant of any Options under the ESOS and the issue of any Shares under this ESOS shall be subject to the procurement by the Company and the Employees of all approvals and permits required from any Governmental Authorities having jurisdiction over the ESOS, the Options and the Shares issued pursuant thereto.
- b) The Employees under this ESOS will, if requested by the Trust / Committee, provide such assurances and representations to the Company or the Trust, as the Trust / Committee may deem necessary or desirable to ensure compliance with all Applicable Laws and accounting requirements.
- c) The inability of the Company to obtain authority from any Governmental Authority having jurisdiction, or under any Applicable Laws for the lawful issuance and allotment of any Shares hereunder shall relieve and wholly discharge the Company and the Trust of any and all liability in respect of the failure to issue or sell such Shares.
- d) The Company, Trust and the Eligible Employees shall make all requisite disclosures regarding this ESOS and the acquisition of shares pursuant thereto to the Governmental Authorities as may be mandated under Applicable Laws.

## **19. GOVERNING LAW & JURISDICTION**

Subject to the foregoing, the ESOS and any disputes arising out of, in connection with or relating to the ESOS shall be subject to Laws of India and to the exclusive jurisdiction of courts at New Delhi.



## **20. DISPUTE RESOLUTION**

- a) In the event of a dispute arising out of or in relation to the provisions of the ESOS (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.
- b) In case of failure in reaching an amicable settlement, either party may refer the dispute to the sole arbitrator appointed by the Company for arbitration. The arbitration proceeding shall be held in New Delhi and in English language under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The award of the sole arbitrator shall be a reasoned award in writing and shall be final and binding. The sole arbitrator shall also decide on the costs of the arbitration proceedings.

## **21. PLAN SEVERABLE**

Any term of the ESOS that is contrary to the requirement of the SEBI Regulations or any other Applicable Laws shall not apply to the extent it is contrary, but the rest of the ESOS and terms shall continue to be applicable.

## **22. NOTICES AND CORRESPONDENCE**

- a) Any notice required to be given by Eligible Employee to the Company or the Trust or any correspondence to be made between Eligible Employee and the Company or the Trust may be given or made to the Company at the registered office of the Company or to the Trust, at the registered office of the Trust.
- b) Any notice, required to be given by the Company or the Trust to Eligible Employee or any correspondence to be made between the Company or the Trust and Eligible Employee shall be given or made by the Company or the Trust at the address last provided by the Eligible Employee in records maintained by the human resources department of the Company.

## **23. RISK FACTORS**

- a) Participation in the ESOS shall not be construed as any guarantee of return on the equity investment.
- b) Investment in equity and related securities involve a degree of risk and Eligible Employee should not invest any funds in securities unless they can afford to take the risk of losing their investment. For taking a decision to purchase/acquire the Shares, the Eligible Employee must rely on their own evaluation of the Company including the risks involved.



## **24. MISCELLANEOUS PROVISIONS**

- a) Unless the Options are granted to the Eligible Employee, neither the adoption of the ESOS nor any action of the Board or the Committee or the Trust or the shareholders of the Company shall be deemed to give an Eligible Employee, any right to claim or be granted any Option or a right to acquire Shares under the ESOS.
- b) The ESOS shall not form part of any contract of employment between the Company and an Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this ESOS or any right which he may have to participate in it and this ESOS shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason. It is clarified that nothing contained herein or in the Grant Letter shall give or confer upon the Eligible Employee, any right for continuation of any employment with the Company or interfere in any way with the right of the Company to terminate the employment of such Eligible Employee.
- c) The ESOS shall not confer on any person any legal or equitable rights against the Company, the Committee, Trust or its trustee(s) directly or indirectly or give rise to any cause of action at law or in equity against the Company / Committee / Trust / its trustee(s).
- d) The Employee shall comply with the provisions of Applicable Laws including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003 as well as any Code of Conduct or such similar policies, procedures or systems formulated or adopted by the Company, the Committee, the Trust or the Trustee(s). Any violation of the Applicable Laws or Code of Conduct may result in cancellation of all Vested and Unvested Options as well as subject the Employee to disciplinary action at the discretion of the Company.
- e) The Company shall bear the costs of establishing and administering this ESOS, including any costs of the Company's auditors or any independent financial advisor in relation to the preparation of any confirmation by them or provision of any other service in relation to this ESOS.
- f) The Eligible Employee shall obtain all necessary consents that may be required to enable him to accept the Grant and the Trust to issue to him in accordance with the provisions of the ESOS, the Shares due to be transferred upon the exercise of his Vested Options. The Eligible Employee is deemed to have represented to the Company or the Trust that he has obtained all such consents.
- g) The existence of the ESOS and the Grants made hereunder shall not in any way affect the right or the power of the Company to make or authorize any change in capital structure (including any issue of shares, debt or other securities having any priority or preference with respect to the then existing Shares (including Shares underlying the Options) or the



rights thereof) or to prevent the Company from taking any corporate action or change its capital structure which is deemed by the Company to be appropriate or in its best interest.

- h) The acceptance of the Grant is entirely voluntary and the Company or the Trust does not guarantee any return on Shares.
- i) If the Company issues bonus shares or rights shares, the Eligible Employee shall not be eligible for the bonus or rights shares in the capacity of a holder of Options, except that the entitlement to the number of Options will be adjusted in terms of Clause 15. Only if the Options are Vested and Exercised and the Eligible Employee is a valid holder of the Shares, the Eligible Employee would be entitled for bonus or rights shares of the Company.

## **25. AMENDMENT OR TERMINATION OF THE ESOS**

- a) Subject to the Applicable Laws, the Board / Committee in its absolute discretion may from time to time amend, alter or terminate the ESOS or any grant prior to the exercise or the terms and conditions thereof, provided that no amendment, alteration or termination in any Option be made, which would impair or prejudice the rights of the Eligible Employees.
- b) The Board / Committee will not, without the approval of the shareholders, amend the ESOS to increase the aggregate number of Shares which may be issued pursuant to the provisions of the ESOS.
- c) Without prejudice to the above, the Board/ Committee may, without any reference to or consent of the Eligible Employee, amend the ESOS or award or any agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this ESOS.

## **26. CONFIDENTIALITY**

The Eligible Employee shall not divulge the details of the ESOS and/ or his holdings to any person except with the prior written permission of the Committee unless so required to do under any statutes or regulations applicable to such Employee.



## **Part B – SRF EMPLOYEES STOCK PURCHASE SCHEME**

### **1. NAME OF THE PLAN**

This scheme shall be termed as the SRF Employees Stock Purchase Scheme (“ESPS” or “Part B” or “ESPS 2018”).

### **2. EFFECTIVE DATE**

ESPS 2018 shall be effective on the approval from the shareholders and shall continue to be in force until the date on which all of the shares available for issuance under ESPS have been Granted and vested.

### **3. PURPOSE OF THE ESPS 2018**

The purpose of the ESPS is to attract and retain talented employees and create wealth in the hands of employees.

Such exercise will also create sense of ownership and participation amongst the employees and will ensure achievement of organizational performance goals along with creation of value for the shareholders.

### **4. DEFINITIONS**

In the ESPS, all capitalized terms will have the meaning as defined in Schedule A of this Plan. The serial number of clauses and sub-clauses referred to any clause in Part B shall mean and correspond to the serial numbers of the clauses and sub-clauses of Part B only.

### **5. ADMINISTRATION OF THE ESPS**

- a) The ESPS will be administered by the Committee or any Trust as may be decided by the Committee (“Trust”) under the supervision of the Committee.
  
- b) Subject to the provisions of the ESPS and Applicable Laws, the Committee or the Trust (as the case may be) will award Shares, interpret the ESPS for the purposes of administering the ESPS, and make such other determinations and take such actions as it deems necessary or advisable. The Committee or Trust (as the case may be) may rely upon the advice and assistance of any professional it deems appropriate in administering the ESPS.



- c) Any decision of the Committee or Trust (as the case may be) in the administration of the ESPS, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Eligible Employees or their Beneficiaries).
- d) No Director of the Committee or trustee of the Trust will be liable for any action or determination taken or made in good faith.

## **6. ROLE OF THE COMMITTEE**

- a) The Committee shall be fully empowered to implement the ESPS to establish, amend and rescind any further rules and regulations relating to implementation not inconsistent with this ESPS, and to make any other determinations which it deems necessary or desirable for the administration of the Plan including but not limited to the following:
  - I. Deciding the quantum of Shares per Eligible Employee and in aggregate under the ESPS and quantum of Shares to be issued pursuant to performance evaluation of the Eligible Employee at the end of the relevant financial year;
  - II. The kind of benefits to be granted under the Scheme as per the SEBI Regulations;
  - III. The conditions under which Shares may Vest in Eligible Employees and may lapse in case of termination of employment for misconduct or upon not meeting the performance criteria as decided by the Compensation Committee;
  - IV. In case of Corporate Action(s), any adjustment(s) to the number and price of Shares in a manner such that total value to the Eligible Employee of the Shares remains the same after the Corporate Action;
  - V. The grant, Vesting and exercise of Shares in case of Eligible Employees who are on long leave.
  - VI. Deciding the name(s) of employees eligible for participation in the Scheme;
  - VII. Determining the grant price, lock-in, performance evaluation criteria, performance conditions, period and such other conditions as the Committee may deem fit, including in particular the Compensation Committee in its discretion may grant the Shares to the Eligible Employees at such price as the Committee may determine from time to time.
  - VIII. Prescribing procedural compliances for effective administering of the Scheme including power to prescribe, approve and implement relevant procedures, documents and policies for the Scheme.
  - IX. Sub-delegating any of the foregoing to the Trust or any other committee or any other individual, as may be permitted under the Applicable Law, and as the Compensation Committee may deem fit from time to time.
- b) The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended from time to time, by the trust, the company and its employees, as may be applicable



## **7. ELIGIBILITY**

- a) "Employee" shall mean:
- i. an employee as designated by the company, who is exclusively working in India or outside India; or
  - ii. 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 excluding an independent director; or
  - iii. an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary company, in India or outside India, or of a holding company of the company, but does not include
    - a) an employee who is a promoter or a person belonging to the promoter group; or
    - b) 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

Following class / classes of employees are not eligible:

- i) an employee who is a Promoter or belongs to the Promoter Group; and
  - ii) 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 Equity Shares of the Company;
- b) "Eligible employees" shall means such Employees as are shortlisted by the Committee for Grant of Shares under this ESPS and shall to the extent, permitted by Applicable Laws any other categories of personnel identified by the Committee, from time to time.

## **8. TOTAL QUANTUM OF SHARES UNDER THE ESPS**

- a) As per Clause A of Plan.
- b) The shares offered and the grant price may be different for different Eligible Employees from time to time, and shall be as determined at the time of every grant of shares.
- c) The Committee shall decide on exploring the options for issuance of shares, either by way of Primary issue or secondary acquisition subject to adherence with law and regulations as prevailing and in force from time to time.
- d) In case of secondary acquisition, the Trust shall acquire the shares from open market in single or multiple tranches at various points of time as may be decided by the Committee.
- e) In case of primary issue, the Company shall undertake necessary formalities to issue such number of Shares to the Trust or directly to the Eligible Employees in a single tranche or in multiple tranches as may be decided by Committee.



- f) The allotted Shares shall rank pari passu in all respects with the issued Shares of the Company.
- g) In case, any Share Grant expires, or is not accepted in full, or applicable conditions of any Grant are not fulfilled, the corresponding shares which revert to the Trust or which remain unaccepted shall subject to Applicable Laws, become available for future grant(s) under the ESPS.

## **9. COMMUNICATION OF GRANT OF SHARES AND ACCEPTANCE OF GRANT**

- a) The Shares to be granted under ESPS to any Eligible Employee shall be determined by the Committee and communicated by the Chairman/representative of the Committee to the Trust or the Eligible Employee(s). The Trust / Committee may, on such dates as communicated to it by the Chairmanor representative/decided by the Committee, make Share Grant to the Eligible Employee(s) in accordance with terms and conditions of the ESPS for the time being in force. Such Share Grant shall be communicated by way of a grant letter as prescribed. For the time being the grant letter shall substantially be in form and manner provided in Annexure A ("Share Grant Letter").
- b) Share Grant under this ESPS does not automatically entitle an Eligible Employee for Shares or benefits or options under any other plan/scheme of the Company. Grants under any other plan/scheme must be made in terms thereof.

## **10. VESTING OF SHARES**

- a) An Eligible Employee who has been granted Shares under this ESPS and who wishes to accept the Share Grant, must deliver an acceptance form, in form and manner as may be prescribed. For the time being, the acceptance shall be substantially provided in form as per Annexure B ("Share Acceptance Letter"), to the Trust / Committee on or before the Purchase Closing Date stated in the Share Grant Letter.
- b) Any Eligible Employee who has been granted Shares under this ESPS and who fails to return the Shares Acceptance Form on or before the Purchase Closing Date shall unless the Trust / Committee determines otherwise, be deemed to have rejected the Share Grant. Any Shares Acceptance Form received after the Purchase Closing Date shall not be valid except otherwise decided by the trust/Committee.
- c) The Eligible Employees to whom Shares are granted under the Scheme shall along with the Share Acceptance Letter also make payment, if applicable, of the total amount of the Purchase Price, if any, for the shares granted to him. The payment, if any, shall be made by way of cash/demand draft / wire transfer /local cheques drawn in favour of the Trust/Company as the case may be or such other entity as the Committee may specify while making the Grant.



- d) Provided further that in the event of death or permanent incapacity of an employee, the requirement of lock-in shall not be applicable from the date of death or permanent incapacity.

## **11. EXERCISE**

- a) Unless otherwise determined by the Committee, the Exercise Price shall be not be less than face value of equity share and shall not exceed market price of the equity share of the Company as on date of grant of Shares which may be decided by the Committee.
- b) On receipt of the application money, if any, and subject to compliance with applicable laws, the Board shall make an allotment or the Trust shall make a transfer of Shares either directly from the Company or through the Trust or any other mechanism as permissible under law. The Company shall have the right to allot or transfer the Shares by way of credit to the demat account of the Employee i.e. in electronic form with any of the depositories registered with the SEBI.
- c) The Shares allotted shall be subject to a minimum lock in period of 1 year and a maximum lock in period of 7 years. The maximum lock in period will be subject to the discretion of the Committee.
- d) Each Share Grant must be exercised at such time or times and during such period as is determined by the Compensation Committee/ Board and set forth in the Share Grant Letter. The right to exercise the Shares is available to the Eligible Employee subject to the terms and conditions of this Scheme and Share Grant Letter and executing such documents as required by the Board.
- e) The Vesting conditions in respect of the Shares shall be as determined by the Committee from time to time, and unless so otherwise determined by the Committee, the following shall apply:

- I. In case the employment of the Eligible Employee ceases with the Company, either by way of resignation, termination by the Company, prior to the end of lock in period, or upon decision of the Committee that the Eligible Employee has not fulfilled the laid down performance criteria, the allotted shares shall revert back to the Trust ;

The employee may, at his/her option, retain the Shares which need to be reverted to the Trust on payment to the trust an amount equivalent to the fair market value of the Shares. The payment to the trust, in such a case, would need to be made within 30 days of the resignation or termination or upon the decision of the Committee as described in the preceding para. The fair market value of the Shares would be construed as the closing price of the shares of the Company on the immediately preceding day of such resignation or termination or decision of the Committee as described in the preceding para as traded on the stock exchange where the maximum volume of trading in the Shares of the Company are recorded in the six months preceding the resignation or termination or decision of the Committee as described in the preceding para.



II. It is clarified that for the purpose of this ESPS, the Share Grants shall be made after receipt of shareholder approval to this ESPS.

The Committee, at its discretion, may dispense off with any of the above requirements.

- f) In case any Shares do not Vest and/or revert to the Trust under this Scheme, the Eligible Employee shall be eligible for and shall receive by way of refund only such price, if any, that such Eligible Employee had paid at the time of acquisition of the said Shares and no other payment or compensation or interest or any other sum or cost. The said price, if any, shall be refunded by way of an account payee cheque sent to the last known address of the Eligible Employee.

## **12. RIGHTS OF SHAREHOLDERS**

Upon allotment of Shares, the Eligible Employees shall become members of the Company and shall be entitled to all the rights of a member including with respect to voting rights, receipt of dividend, etc. The Shares to be allotted shall rank pari-passu in all respects with the outstanding Shares of the Company.

No Employee shall have any rights as a shareholder with respect to any Shares prior to the date of issuance of a certificate for such Shares or credit of Shares into his demat account.

## **13. RESTRICTIONS ON TRANSFERABILITY**

Until the release of Shares from the Share Lock-in Period, Shares shall NOT be sold, given, transferred, assigned, pledged or otherwise hypothecated in any manner, and any attempted sale, gift, transfer, assignment, pledge or other alienation shall be void ab initio and not enforceable against the Company. The Eligible Employee may be required to pledge the shares so allotted under the Scheme in the favour of the Trust, till the time lock-in period is not completed or as may be decided by the Committee.

Provided however that, subject to Applicable Laws, the Trust( within the guidelines prescribed by the Compensation Committee) or the Compensation Committee itself may permit any of the above, on a general or specific basis, and/or may impose additional conditions and limitations from time to time and the same shall be binding on the Employee during the lock-in period.

## **14. TERMINATION OF EMPLOYMENT**

### a. On death of Eligible Employee

In the event of death of Eligible Employee while in employment, all the Share Grants under the ESPS 2018 shall Vest with the Beneficiaries of the Eligible Employee. However, Share-Lock in Period will come to an end upon such a transmission.



b. On disability of Eligible Employee

In the event of disability, i.e., permanent incapacity leading to termination of employment, of Eligible Employee while in employment, all the Shares for which he was eligible under ESPS, shall Vest on such termination. However, Share-Lock in Period will come to an end upon such a disability.

c. On attainment of superannuation age

In case the service of the Eligible Employee with the Company is terminated due to retirement on superannuation, in case of such superannuation, the shares already acquired by the Eligible Employee may, subject to lock-in conditions and other conditions on transferability, be allowed to be retained by the employee. However, Share-Lock in Period will continue to apply with respect to such Shares as applicable, even after termination of employment for reasons of superannuation unless otherwise decided by the Committee.

d. Termination with Cause

In case termination of employment of Eligible Employee with the Company is for Cause (i.e. negligence, fraud, professional misconduct, moral turpitude etc), the Shares granted to him shall revert to the Trust on the Termination Date alongwith all rights and entitlements of the Eligible Employee under this ESPS.

If an Eligible Employee is suspended or a show cause notice has been issued to an employee or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any show cause, all Share grants to such Eligible Employee, may be suspended or kept in abeyance or cancelled at the sole discretion of the Committee. In case of Share Grants that have been suspended or kept in abeyance, the same may be acquired by the concerned Employee only after the Committee specifically permits the acquisition and on such additional terms and conditions, as may be imposed by the Committee in its absolute discretion. It is further provided that in case of such a situation, the Committee may direct that the lock-in period on the said Shares be extended till the conclusion of the said enquiry / proceedings and consequentially the Vesting period will also get extended by similar time period.

e. Other terminations

In case of cessation of employment of the Eligible Employee for reasons other than those specified above, all the Shares Granted as on the Termination Date but not already acquired, shall lapse. In case the employment of the Eligible Employee ceases with the Company, either by way of resignation or termination by the Company, prior to the end of lock in period, the allotted shares shall revert to the Trust



f. Long Leave

Long leave of the Eligible Employee, taken with approval of the human resources department of the Company, shall not have any adverse effect on the entitlements of the Eligible Employees under ESPS.

g. Removal of Director

In case the Eligible Employee is a director of the Company, then, in the event of his removal as a director with the Company for any reason, including vacation of office, disqualification or his not being re-appointed as a director, but for reasons other than death, Permanent Incapacity, resignation and superannuation, the Shares granted to him as on the Termination Date shall lapse to the extent not acquired. Provisions provided above shall apply in the same manner to the termination of directorship on account of death, disability, superannuation, cause and other terminations, as the case may be.

h. Merger, Amalgamation, Demerger, etc

In the event that an Eligible Employee has been granted ESPS is transferred pursuant to a scheme of arrangement, amalgamation, merger or demerger or continued in the existing company, prior to the Vesting or Exercise, the treatment of ESPS in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided such treatment shall not be prejudicial to the interest of the Eligible Employee.

## **15. NOMINATION**

Each Eligible Employee under the ESPS 2018 may nominate, from time to time, any Beneficiary (ies) to whom any benefit under the ESPS 2018 is to be delivered in case of his death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Eligible Employee, and shall be in a form prescribed by the Company and will be effective only when filed by the Eligible Employee in writing with the Company during the Eligible Employee's lifetime. In the event of any dispute with regard to nominations, the last nomination provided by the Eligible Employee and available with the Company shall be regarded as final nomination and shall be binding. Upon delivery of the benefits, if any, to such Beneficiary, the liability for delivery of such benefits shall stand fully and finally discharged.

## **16. CORPORATE ACTION**

In the event of corporate action such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring, the Committee, in consultation with the Trust, subject to the provisions of the ESPS , make an adjustment to the number of Shares Granted or the Purchase Price in respect of the Shares or both the number and the Purchase Price, may, but subject to the applicable rules and regulations, be determined to be such number and/or Purchase Price as is appropriate subject to the same being in accordance with the SEBI Regulations.



## **17. METHOD OF VALUATION AND WITHHOLDING TAX**

- a. The Company shall comply with the disclosure requirements in relation to the ESPS 2018 as prescribed under the Companies Act, 2013, SEBI Regulations and such other guidelines, circulars, clarifications, notifications etc., as may be issued by SEBI and any other appropriate authority from time to time.
- b. The Company will comply with the requirements of the applicable Indian Accounting Standards regarding accounting of employee benefits under this ESPS.
- c. The Company is entitled to deduct the perquisite tax from the salary payable to the Eligible Employees as the case may be or recover the same from the employee in case of shortfall.
- d. Alternatively, if so decided by the Committee, any tax implication that may arise under the Plan to the Eligible Employee on allotment of the shares may be paid by the Company. However, in case of death / permanent disability / long leave taken with approval of Human Resources, the tax amount borne by Company shall not be recovered by the Company.
- e. Notwithstanding anything elsewhere contained in this ESPS but subject to this para 17, no Shares will be released/disbursed to the Eligible Employee or his Beneficiary, on purchase/acquisition of the Shares/grant of benefits herein unless appropriate taxes as required under the applicable tax laws, are discharged.

## **18. LOAN/ FINANCIAL ASSISTANCE FROM THE COMPANY**

Subject to the applicable provisions of the Companies Act, 2013 or any other law for the time being in force, the Company may provide such money either as loan or financial assistance or otherwise, to the Trust or Eligible Employee(s) for purchase/acquisition of the Shares and/ or for any other permitted purposes, as the Company may consider appropriate from time to time.

## **19. REGULATORY APPROVALS & COMPLIANCES (DISCLOSURES)**

- a. The implementation of the ESPS 2018, the granting of any Share under the ESPS and the issue/purchase of any Shares under this ESPS 2018 shall be subject to the procurement by the Company and the Employees of all approvals and permits required by any Governmental Authorities having jurisdiction over the ESPS and the Shares issued pursuant thereto.
- b. If the Shares allotted under the ESPS are not listed, then the same shall be listed on the stock exchanges, where the shares of the Company are listed, immediately upon allotment. As and when applicable, the Company shall make an application to the appropriate authorities and obtain the in-principle approval and final approval from the stock exchanges where it proposes to list the Shares allotted under this Scheme.



- c. The Employees under the ESPS will, if requested by the Trust, provide such assurances and representations to the Company or the Trust, as the Trust/Committee may deem necessary or desirable to ensure compliance with all Applicable Laws and accounting requirements.
- d. The inability of the Company to obtain authority from any Governmental Authority having jurisdiction, or under any Applicable Laws for the lawful issuance and allotment of any Shares hereunder shall relieve and wholly discharge the Company and the Trust of any and all liability in respect of the failure to issue or sell such Shares.
- e. The Company, Trust and the Eligible Employees shall make all requisite disclosures regarding the ESPS and the acquisition of shares pursuant thereto to the Governmental Authorities as may be mandated under Applicable Laws.

## **20. GOVERNING LAW & JURISDICTION**

Subject to the foregoing, this ESPS and any disputes arising out of, in connection with or relating to this ESPS shall be subject to Laws of India and to the exclusive jurisdiction of courts at New Delhi.

## **21. DISPUTE RESOLUTION**

- a. In the event of a dispute arising out of or in relation to the provisions of this ESPS (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.
- b. In case of failure in reaching an amicable settlement, either party may refer the dispute to the sole arbitrator appointed by the Company for arbitration. The arbitration proceeding shall be held in New Delhi and in English language under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The award of the sole arbitrator shall be a reasoned award in writing and shall be final and binding. The sole arbitrator shall also decide on the costs of the arbitration proceedings.

## **22. SEVERABILITY**

Any term of this ESPS that is contrary to the requirement of the SEBI Regulations or any other Applicable Laws shall not apply to the extent it is contrary, but the rest of the ESPS and terms shall continue to be applicable.



### **23. NOTICES AND CORRESPONDENCE**

- a. Any notice required to be given by Eligible Employee to the Company or the Trust or any correspondence to be made between Eligible Employee and the Company or the Trust may be given or made to the Company at the registered office of the Company or to the Trust, at the registered office of the Trust.
- b. Any notice, required to be given by the Company or the Trust to Eligible Employee or any correspondence to be made between the Company or the Trust and Eligible Employee shall be given or made by the Company or the Trust at the address last provided by the Eligible Employee in records maintained by the human resources department of the Company.

### **24. RISK FACTORS**

- a) Participation in the ESPS shall not be construed as any guarantee of return on the equity investment.
- b) Investment in equity and related securities involve a degree of risk and Eligible Employee should not invest any funds in securities unless they can afford to take the risk of losing their investment. For taking a decision to purchase/acquire the Shares, the Eligible Employee must rely on their own evaluation of the Company including the risks involved.

### **25. MISCELLANEOUS PROVISIONS**

- a) Unless the Shares are granted to the Eligible Employee, neither the adoption of the ESPS nor any action of the Board or the Committee or the Trust or the shareholders of the Company shall be deemed to give an Eligible Employee, any right to claim or be granted any Share or a right to acquire Shares under the ESPS .
- b) This ESPS shall not form part of any contract of employment between the Company and an Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this ESPS or any right which he may have to participate in it and this ESPS shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason. It is clarified that nothing contained herein or in the Share Grant Letter shall give or confer upon the Eligible Employee, any right for continuation of any employment with the Company or interfere in any way with the right of the Company to terminate the employment of such Eligible Employee.



- c) This ESPS shall not confer on any person any legal or equitable rights against the Company, the Committee, Trust or its trustee(s) directly or indirectly or give rise to any cause of action at law or in equity against the Company / Committee / Trust / its trustee(s).
- d) The Employee shall comply with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003 as well as any Code of Conduct or such similar policies, procedures or systems formulated or adopted by the Company, the Committee, the Trust or the Trustee(s). Any violation of the Applicable Laws or Code of Conduct may result in cancellation of all Shares Granted as well as subject the Employee to disciplinary action at the discretion of the Company.
- e) The Company shall bear the costs of establishing and administering this ESPS, including any costs of the Company's auditors or any independent financial advisor in relation to the preparation of any confirmation by them or provision of any other service in relation to this ESPS .
- f) The Eligible Employee shall obtain all necessary consents that may be required to enable him to accept the Grant and the Trust to issue to him in accordance with the provisions of this ESPS , the Shares due to be transferred upon the Purchase of his Shares Granted. The Eligible Employee is deemed to have represented to the Company or the Trust that he has obtained all such consents.
- g) The existence of this ESPS and the Share Grants made hereunder shall not in any way affect the right or the power of the Company to make or authorize any change in capital structure (including any issue of shares, debt or other securities having any priority or preference with respect to the then existing Shares (including Shares underlying the options) or the rights thereof) or to prevent the Company from taking any corporate action or change its capital structure which is deemed by the Company to be appropriate or in its best interest.
- h) The acceptance of the Grant is entirely voluntary and the Company or the Trust does not guarantee any return on Shares.
- i) If the Company issues bonus shares or rights shares, the Eligible Employee shall not be eligible for the bonus or rights shares in the capacity of a holder of Share Grant, except that the entitlement to the number of Shares may be adjusted in terms hereof. Only if the Shares are purchased/ acquired and the Eligible Employee is a valid holder



of the Shares, the Eligible Employee would be entitled for bonus or rights shares of the Company.

## **26. AMENDMENT OR TERMINATION OF THE ESPS**

- a) Subject to the Applicable Laws, the Board / Committee in its absolute discretion may from time to time amend, alter or terminate the ESPS or any grant prior to the purchase/acquisition or the terms and conditions thereof, provided that no amendment, alteration or termination in any Share Grant be made, which would impair or prejudice the Vested rights of the Eligible Employees under the ESPS.
- b) The Board / Committee will not, without the approval of the shareholders, amend the ESPS to increase the aggregate number of Shares which may be issued pursuant to the provisions of the ESPS.
- c) Without prejudice to the above, the Board/ Committee may, without any reference to or consent of the Eligible Employee, amend the ESPS or award or any agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this ESPS.

## **27. CONFIDENTIALITY**

The Eligible Employee shall not divulge the details of the ESPS and/ or his holdings to any person except with the prior written permission of the Committee unless so required to do under any statutes or regulations applicable to such Employee.



## SCHEDULE A

### DEFINITIONS AND CONSTRUCTION

#### 1. Definitions

In this Plan, except where the context otherwise requires, the following expressions or terms shall have the meanings set out below:

- 1.1. **"Act" "Acceptance Form"** shall have the meaning ascribed to it in Clause 9(d) of the Part A and Clause 10(a) of Part B.
- 1.2. **"Applicable Laws"** shall mean all applicable laws, bye-laws, statutes, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgments, awards, decrees or official directive of any court of competent authority or of any competent Governmental Authority or person acting under the authority of any court of competent authority or of any competent Governmental Authority of the Republic of India, as amended and modified from time to time, and includes regulations, rules, guidelines issued by the Securities and Exchange Board of India.
- 1.3. **"Beneficiary(ies)"** shall mean the person, persons, trust or trusts designated by the Eligible Employee or in the absence of any designation by the Eligible Employee, a person or persons who is/ are entitled by the will of the Eligible Employee to receive the benefits specified in the Plan, the legal heirs of the Eligible Employee, if the Eligible Employee dies intestate and includes his executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the nomination form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof.
- 1.4. **"Board"** means the board of directors of the Company or any committee thereof, including the Committee.
- 1.5. **"Cause"** shall mean negligence, fraud, professional misconduct, breach of trust, moral turpitude, committing or abetting any illegal activity, violating any Company policy or terms of employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.
- 1.6. **"Closing Date"** shall mean the last date on which the Eligible Employee is required to convey his acceptance of the Grant.
- 1.7. **"Committee"** or **"Compensation Committee"** shall mean the Nomination & Remuneration Committee of such members of the Board as provided under Section 178 of the Companies Act, 2013, as amended or modified from time to time for the purpose of regulating and implementing this Plan.



- 1.8. “**Company**” shall mean SRF Limited, a company limited by shares, incorporated under the Companies Act, 1956 having its registered office at Unit No. 236 & 237, 2<sup>nd</sup> Floor, DLF Galleria, Mayur Place, NOIDA Link Road, Mayur Vihar, Phase-I Extension, Delhi – 110 091
- 1.9. “**Companies Act**” means The Companies Act, 2013 and includes any statutory modifications or re-enactments thereof or any other statutes that substitutes/replaces the Companies Act, 2013.
- 1.10. “**Effective Date**” shall have the meaning ascribed to it in Clause 2 of the Part A and Part B.
- 1.11. “**Employee(s)**” and “**Eligible Employee(s)**” shall have the meaning ascribed to it in Clause 7(a), (b) and (c) of the Part A & Part B.
- 1.12. “**ESOS**” shall have the meaning ascribed to it in Clause 1 of the Part A
- 1.13. “**ESPS**” shall have the meaning ascribed to it in Clause 1 of the Part B
- 1.14. “**SEBI**” shall mean Securities Exchange Board of India.
- 1.15. “**SEBI Regulations**” shall mean SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended or re-enacted from time to time.
- 1.16. “**Trust**” shall have the meaning ascribed to it in Clause 5 of the Part A & Part B and shall be set-up under the Indian Trusts Act, 1882 (2 of 1882).
- 1.17. “**Exercise**” shall mean making of an application by the Eligible Employee to the Trust for issue/transfer of Shares against the Vested Options / Shares in such Eligible Employee and payment of the Exercise Price, in accordance with Clause 11 of Part A & Part B.
- 1.18. “**Exercise Date**” shall mean the date on which the Eligible Employee exercises his Vested Options / Shares and in case of partial exercise, means each date on which the Eligible Employee exercises part of his Vested Options / Shares.
- 1.19. “**Exercise Letter**” shall have the meaning ascribed to it in Clause 11(m) of the Plan.
- 1.20. “**Exercise Period**” shall mean period provided in Clause 10.8 within which the Eligible Employee or his Beneficiary shall Exercise his right to apply for Shares against the Vested Options.
- 1.21. “**Exercise Price**” shall have the meaning ascribed to it in Clause 11(a) of Part A and Part B.
- 1.22. “**Financial Year**” shall mean the financial year of the Company;
- 1.23. “**Governmental Authority (ies)**” shall mean any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law making entity having or purporting to have jurisdiction on behalf of the



Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof.

- 1.24. "**Grant**" shall mean the grant of Options to an Eligible Employee pursuant to this Plan which such Eligible Employee is entitled to seek allotment or transfer thereof, upon payment of the Exercise Price, and other terms and conditions herein.
- 1.25. "**Grant Date**" shall mean the date of the Grant of Options to an Eligible Employee pursuant to the plan during the subsistence of the said plan, which such Eligible Employee is entitled to seek allotment or transfer thereof, upon payment of the Exercise Price, and other terms and conditions herein.
- 1.26. "**Grant Letter**" shall mean the letter by which Grant is communicated to the Eligible Employee under Clause 9(a).
- 1.27. "**Intimation Letter**" shall have the meaning ascribed to it in Clause 11(d) of the Plan.
- 1.28. "**Option(s)**" shall mean a right, but not an obligation granted to the Eligible Employee pursuant to this Plan to purchase Shares of the Company at the Exercise Price subject to terms and conditions of the Plan.
- 1.29. "**Option Price**" shall mean the price as on the Relevant Date, as calculated in accordance with the formula provided for pricing of equity shares under Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009
- 1.30. "**Permanent Incapacity**" shall mean any disability of whatsoever nature be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Eligible Employee from performing any specific job, work or task which the said Eligible Employee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Committee.
- 1.31. "**Promoter(s)**" shall have the meaning ascribed to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 1.32. "**Promoter Group**" shall have the meaning ascribed to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 1.33. "**Purchase**"/ "acquisition" shall have the meaning ascribed to it in Clause 11.2.
- 1.34. "**Purchase Date**" shall mean the date on which the Eligible Employee will Purchase/Acquire his Shares and in case of Purchase in tranches, means each date on which the Eligible Employee Purchases/acquires a tranche of his Share Grants.
- 1.35. "**Purchase Closing Date**" shall mean the last date on which the Eligible Employee is required to convey his acceptance of the Share Grant.
- 1.36. "**Relative(s)**" shall mean the same ascribed to it under the Companies Act, 2013.



- 1.37. **"Relevant Date"** shall mean the date of the meeting of the Board wherein the Board has approved the Plan for the first Grant made under this Plan. For subsequent Grant(s), the Relevant Date shall be the date of the meeting of the Committee (i.e. to be held in April every year, or such other date as may be decided by the Committee).
- 1.38. **"Share(s)"** shall mean an equity share of the Company having a face value of Rs. 10 (Rupees Ten).
- 1.39. **"Share(s) Acceptance Form"** shall have the meaning ascribed to it in Clause 10 of Part B.
- 1.40. **Share(s) Grant**" shall mean the grant of Shares to an Eligible Employee pursuant to the ESOS / ESPS during the subsistence of the said scheme, which such Eligible Employee is entitled to seek allotment or transfer thereof, upon payment of the Exercise Price, if any, and other terms and conditions herein.
- 1.41. **"Share(s) Grant Date"** shall mean the date of grant of Shares for an Eligible Employee, as decided at the meeting of the Committee and/or as communicated by the Chairman/ representative of the Committee to the Trust, being the grant date (usually held in April every year, or such other date as may be decided by the Committee).
- 1.42. **"Share(s) Grant Letter"** shall mean the letter by which Share Grant is communicated to the Eligible Employee.
- 1.43. **"Share(s) Lock-in Period"** shall have the meaning ascribed to it in Clause 11(e ) of Part B.
- 1.44. **"Stock Option"** shall mean options granted to an Eligible Employee which will Vest as per the discretion of Committee.
- 1.45. **"Termination Date"** shall mean the date of cessation of employment of the Eligible Employee with the Company for any reason whatsoever, including death, superannuation, Permanent Incapacity, etc.
- 1.46. **"Unvested Option(s)"** shall mean an Option, which is not a Vested Option .
- 1.47. **"Vested Option(s)"** shall mean an Option, which has been vested in the Eligible Employee as per Clause 9 and has thereby become Exercisable.
- 1.48. **"Vest" or "Vesting"** shall mean the process by which the Eligible Employee is given the right to apply for Shares against the Option granted to him in pursuance of the Plan.
- 1.49. **"Vesting Date"** means the date on which the respective Options / Shares will vest in the Eligible Employee.



## **2. Construction**

Unless the context otherwise requires:

- 2.1. The headings/ sub-headings/ titles/ sub-titles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Clauses, which shall be interpreted solely in light of the contents thereof.
- 2.2. Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- 2.3. Any reference to ‘writing’ includes printing, typing, lithography and other means of reproducing words in visible form.
- 2.4. The term ‘including’ shall mean ‘including without limitation’, unless otherwise specified.
- 2.5. Words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.
- 2.6. All references in this Plan to statutory provisions shall be construed as meaning and including references to:
  - (a) any statutory modification, consolidation or re-enactment made after the date of this Plan and for the time being in force;
  - (b) all statutory instruments or orders made pursuant to a statutory provision; and
  - (c) any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.
3. The terms not defined in this Plan shall have the meanings as defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 or the SEBI Regulations, or in any statutory modifications or re-enactments thereof, as the case may be.



**Annexure – A**

**GRANT LETTER**

Date: [.] , 2018

**From**

The Members,  
SRF Compensation Committee

**To**

Name of the Employee:  
Employee Grade/Code:

Dear Mr./Ms. \_\_\_\_\_

SRF Limited (“**Company**”) is currently at an exciting phase and endeavors to achieve sustained and planned growth. We believe that our businesses have a bright future, and the efforts of employees will play a key role in helping the company realize this potential. At this time, we would like to extend a token of our appreciation and gratitude for your valued contribution in building the Company.

We are happy to inform you that you have been selected to be covered under ESOS / ESPS. The Plan is enclosed herewith. You are requested to study the same carefully and familiarize yourself with the terms and conditions.

Accordingly, by this Grant Letter, we are pleased to offer you [*insert number of Shares*] Shares or {[*insert number of options*] Employee Stock Options by virtue of which you will be eligible to subscribe/purchase equivalent number of Shares of the Company from the Trust (deletc, if not applicable)}, subject to the terms and conditions of the Plan. The details of the grant of Shares / Options are as follows:

**(a) Employee Stock Options/Shares**

<b>Number of Employee Stock Options/Shares</b>	[•]
<b>Vesting Date</b>	
<b>Exercise Price per Option / Share</b>	
<b>Exercise Period</b>	



This Grant Letter is as per the terms and conditions given in SRF Plan 2018 and is strictly confidential.

The offer is valid till [•] and shall lapse if not expressly accepted before the close of the day mentioned. If the offer is acceptable to you, kindly sign the **Acceptance Letter** in token of your acceptance. The Acceptance Form is annexed as Annexure B to the Plan. Kindly note that you will be required to have an operational dematerialized account at the time of Exercise of your Options and in the event you do not have an existing dematerialized account, we request you to kindly open and maintain the same as on the Exercise Date.

We look forward to working with you under a long term partnership to build a stronger and more profitable Company in future.

All capitalized terms used herein shall have the same meaning as provided in SRF Plan 2018

Also, please refer Annexure 1 consisting disclosure requirements pursuant to SEBI Regulations

Yours sincerely,

**For Compensation Committee of SRF**

**[Authorised Signatory]**



## **Annexure 1 (Disclosure requirements pursuant to SEBI Regulations)**

### **A: Statement of Risks**

All investments in shares (ESOS / ESPS) are subject to risk as the value of shares may go down or go up. In addition, the ESOS / ESPS 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 ESOS / ESPS.
3. Illiquidity: The ESOS / ESPS 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 ESOS / ESPS will lapse if the employment is terminated prior to vesting.  
Even after the options / SARs are vested, the unexercised options / SARs may be forfeited if the employee is terminated for cause.

### **B: Information about the company**

- 1 Business of the company: <<Please insert description of the main objects and present business of the company. >>
- 2 Abridged financial information: <<Abridged financial information, for the last five years for which audited financial information is available, as specified by the Board from time to time. The last audited accounts of the company shall also be provided unless this has already been provided to the employee in connection with a previous option or SAR grant or otherwise. >>
- 3 Risk Factors: <<Please provide management perception of the risk factors for the company (i.e., sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.). >>



- 4 Continuing disclosure requirement: Copies of all documents that are sent to the members of the Company, including the annual accounts as well as notices of General Meetings and the accompanying explanatory statements are available on the Company's website <>please insert>>..

**C: Salient Features of the Scheme** - A copy of the Scheme is enclosed along with the Grant Letter. You are advised to refer to the content of the Scheme for complete details governing and regulating the Grant made under the Scheme. The following are only salient features of the Scheme:

*<<Depending on the scheme (ESOS / ESPS), following clauses can be included as part of salient features: Purpose of the Scheme, Administration, Eligibility, Grant, Vesting, Exercise, Transferability, Termination, Corporate Action, Valuation and withholding tax>>*



**ANNEXURE - B**  
**ACCEPTANCE FORM**

Date:

**To**

The Members,  
SRF Compensation Committee

*Copy To: The Trustee,*  
*\_\_\_\_ Trust,*  
*New Delhi.*

Kind attention: Mr./Ms. [insert name of the person to whom the communication should be sent]

Dear Sir/ Ma'am,

This is in reference to the Grant Letter dated [•] offering me [•] Employee Stock Options and/or [•] Shares under the ESOS 2018 / ESPS 2018. I hereby accept the Grant made to me by the Grant Letter under the SRF Plan 2018.

I have received a copy of ESOS 2018 / ESPS 2018 and have had an opportunity to review and understand the content thereof. I undertake to be bound by the terms and conditions of SRF Plan 2018. I undertake that at the time of Exercise, I will have an operational dematerialized account, details of which will be forwarded to the Trust along with the Exercise Letter. I further agree to submit to all decisions of the Committee as may be taken from time to time and confirm that all such decisions pertaining to my Options / Shares shall be binding on me.

I declare and agree that I will comply with the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the policy adopted by the Company in accordance thereto.

All capitalized terms used herein shall have the same meaning as provided in SRF Plan 2018.

**Yours faithfully**

*Signature*  
(Name of Employee: \_\_\_\_\_)  
(Designation of the Employee: \_\_\_\_\_)  
(Employee Code: \_\_\_\_\_)



**ANNEXURE - C**

**INTIMATION LETTER**

Date:

**To**

The Trustee,  
SRF Employee Benefits Trust,  
Company Secretary  
SRF Limited  
(delete whichever is not applicable)

Kind attention: Mr./Ms. [insert name of the person to whom the communication should be sent]

Dear Sir/ Ma'am,

This is in reference to the Exercise of Options / Shares granted to me vide the Grant Letter dated [•] offering me [•] Employee Stock Options and/or [•] Shares under the ESOS 2018 / ESPS 2018.

Of the Options granted to me, [•] Employee Stock Options and/or [•] Shares vested/due for vesting on [•]. In this regard, I wish to convey my desire to exercise [•] Employee Stock Options and/or [•] Shares which are vested/due for vesting. I would request the Trust to do the needful to enable me exercise my Options / Shares which have vested/due for vesting.

All capitalized terms used herein shall have the same meaning as provided in SRF Plan 2018.

**Yours faithfully**

*Signature*  
(Name of Employee: \_\_\_\_\_)  
(Designation of the Employee: \_\_\_\_\_)  
(Employee Code: \_\_\_\_\_)



**Annexure – D**

**REQUEST LETTER**

Date: [.]

To,

The Members,  
SRF Compensation Committee

Dear Mr./ Ms. \_\_\_\_\_

We have received the Intimation Letter(s) from the following Eligible Employee(s) with respect to their proposed exercise of the Options / Shares which have vested/due for vesting, as per the details hereunder:

S. No.	Name of the Employee	Number of Employee Stock Options proposed to be exercised	Number of Shares proposed to be exercised

For the purpose of transfer of shares to the aforementioned Employee(s), it is requested to the Company to issue such number of Shares in the name of Trust.

All capitalized terms used herein shall have the same meaning as provided in SRF Plan 2018.

Yours sincerely,

**For SRF Employee Benefits Trust**

**[Authorised Signatory]**



**ANNEXURE - E**

**EXERCISE LETTER**

Date:

**To**  
SRF Limited

Kind Attn.: [insert name of the person to whom the communication should be sent]

Dear Sir,

This is with reference to the intimation letter dated [•] for Exercise of [•] Employee Stock Options and/or [•] Shares as per the Grant Letter dated [•] issued under the ESOS Plan / ESPS.

I hereby wish to Exercise my right to purchase \_\_\_\_\_ number of Shares of the Company against the said Options / Shares Vested to me. In this regard, I also attach herewith a cheque/demand draft of INR \_\_\_\_\_ dated \_\_\_\_\_ issued by \_\_\_\_\_ in favour of <>please insert>>.

I understand and acknowledge that until the transfer of the Shares (as evidenced by the appropriate entry on the books of the Company or the records maintained by the depository of the Company), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Options / Shares, notwithstanding the Exercise of the Option / Share.

I understand that I may suffer tax consequences as a result of purchase or disposition of the Shares. I represent that I have consulted / will consult with any tax consultants of my choice in connection with the purchase or disposition of the Shares and that I am not relying on the Company for any tax advice.

Requisite details for the said transfer are provided in Annexure to this Exercise Letter.

All capitalized terms used herein shall have the same meaning as provided in SRF Plan 2018.

**Yours sincerely,**

*Signature*

(Name of Employee: \_\_\_\_\_)

(Designation of the Employee: \_\_\_\_\_)

(Employee Code: \_\_\_\_\_)

*Copy to:*



**ANNEXURE TO LETTER OF EXERCISE (SRF Plan 2018)**

Name of Employee			
Employee ID		Location	
IT PAN/GIR No. & Circle/Ward			
Address			
Demat Account Details			
DP ID _____	Client ID (Account No.) _____		
Depository Participant (DP)'s :-			
Name: _____			
Address : _____			
Demand Draft/ Remittance Details:			
Demand Draft of INR _____ dated _____ issued by _____ in favour of <u>SRF Employee Benefits Trust / Committee.</u>			
Or If NEFT/IMPS/RTGS:			
Remittance Ref. No: _____ Date: _____			
Bank Details _____			

Dated:

**Instructions: Please write the names exactly in the same manner as provided in the Demat Account.**

