



CAPITALINDIA

Rediscover Business

CIFL EMPLOYEE STOCK OPTION PLAN 2018

Version	:	1.0
Owned By	:	Head – HR
Approved By	:	Board of Directors
Effective From	:	23 September 2018

1. Name, Objective and Term of the Plan

- 1.1 This Employee Stock Option Plan shall be called 'CIFL Employee Stock Option Plan 2018' (hereinafter referred to as "ESOP 2018"/ "Plan").
- 1.2 The objectives of ESOP 2018 are to reward key and senior Employees for their association with the Company, their performance, and to attract, retain and reward such Employees to contribute to the growth and profitability of the Company. The Company views Employee Stock Option as an instrument that would enable the Employees to get a share in the value they create for the Company and its group, in the years to come.
- 1.3 ESOP 2018 is established with effect from 23 September 2018 on which the shareholders of the Company have approved it by way of a special resolution and shall continue to be in force until: (i) its termination by the Company as per provisions of the Applicable Laws; or (ii) the date on which all of the Options available for issuance under ESOP 2018 have been issued and exercised, whichever is earlier.
- 1.4 The Board may, subject to compliance with the Applicable Laws, at any time alter, amend, suspend or terminate ESOP 2018.

2. Definitions and Interpretation

2.1 Definitions

- i. "Applicable Law" shall mean every rule, regulation or law relating to Options, including, without limitation, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Companies Act, 2013, including any enactment or re-enactment thereof, and all relevant tax, securities, exchange control or corporate laws of India.
- ii. "Board" shall mean the Board of Directors of the Company unless otherwise provided in the Plan.
- iii. "Closing Date" shall have the meaning ascribed to such term in Clause 6.2 of this Plan.
- iv. "Companies Act" shall mean the Companies Act, 2013, read with rules issued thereunder from time to time and includes any statutory modifications or re-enactments thereof.
- v. "Company" shall mean "Capital India Finance Limited" (formerly known as *Bhilwara Tex-Fin Limited*), a company within the meaning of the Companies Act, 2013, having CIN: L74899DL1994PLC128577 and having its registered office at 701, 7th Floor, Aggarwal Corporate Tower, Plot No. 23, District Centre, Rajendra Place, New Delhi – 110008.
- vi. "Company Policies / Terms of Employment" shall mean the Company's policies for Employees and the terms of employment as contained in the employment letter / agreement and the company policies uploaded on the Company's Human Resource Information system, which *inter alia* includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-soliciting of other employees and customers. Policies/terms of employment of Subsidiaries as regards an Option Grantee on the payrolls of such Subsidiaries shall be deemed to be "Company Policies/Terms of Employment" for such Option Grantee.
- vii. "Director" shall mean a member of the Board of the Company.
- viii. "Eligibility Criteria" shall mean the criteria as may be determined from time to time by NRC, for granting the Options to the Employees.
- ix. "Employee" shall mean:

- (i) a permanent employee of the Company and / or its Subsidiaries, working in India or out of India; or
- (ii) a Director of the Company and / or its Subsidiaries, whether whole time or not;

but excludes

- a. an employee who is a Promoter or belongs to the Promoter Group;
 - b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than 10% (Ten Percent) of the outstanding equity Shares of the Company; and
 - c. a Director being an Independent Director.
- x. **“Employee Stock Option” / “Option”** shall mean an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe the Shares underlying the Option, at a future date at a pre-determined price as per the terms of the Plan.
 - xi. **“ESOP 2018” / “Plan”** shall mean the CIFL Employee Stock Option Plan 2018 under which the Company is authorized to grant Options to the Employees.
 - xii. **“Exercise”** shall mean expression of an intention by the Option Grantee to the Company, to purchase the Shares underlying the Options vested in him, in pursuance of ESOP 2018, in accordance with the procedure laid down by NRC.
 - xiii. **“Exercise Period”** shall mean such period as prescribed in the ESOP 2018 within which Vested Options may be exercised by an Option Grantee.
 - xiv. **“Exercise Price”** shall mean the price payable by an Employee to exercise the Options granted to him in pursuance of ESOP 2018.
 - xv. **“Grant”** shall mean issue of Options to the Employees under ESOP 2018.
 - xvi. **“Grant Letter”** shall mean the letter issued by the Company to the eligible Employees *inter alia* containing specific details of the Grant.
 - xvii. **“Independent Director”** shall mean a Director within the meaning of Section 149(6) of the Companies Act, read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - xviii. **“Market Price”** shall mean:
 - (a) in case the Shares of the Company are *“frequently traded”* in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, then the market price shall be the latest available closing price on the Stock Exchange on which the Shares of the Company are listed, immediately prior to the Relevant Date; and
 - (b) in any other case, the market price shall be such price as per the valuation certificate received from a registered valuer or independent valuer prior to the Relevant Date.
- Explanation 1-** If Shares are listed on more than one Stock Exchange, then the closing price of the Shares on the Stock Exchange having higher trading volume shall be considered as the Market Price.
- (ii) **“Misconduct”** shall mean any of the following acts or omissions by an Employee as determined by NRC after giving the Employee an opportunity of being heard:
 - a. committing of any act warranting summary termination under the Applicable Law;
 - b. conduct which in the reasonable opinion of NRC amounts to a serious breach by an Option Grantee of the obligation of trust and confidence to the Company;
 - c. a finding by NRC that an Employee has committed any material or consistent breach or violation of any of the provisions of the Company Policies / Terms of Employment

- including, without limitation, any willful neglect of or refusal to carry out any of his duties or to comply with any instruction given to him by the NRC;
- d. being convicted of any criminal offence;
 - e. being disqualified from holding office in the Company or any other company under any Applicable Law or being disqualified or disbarred from membership of, or being subject to any serious disciplinary action by, any regulatory body, which undermines the confidence of NRC in the individual's continued employment;
 - f. having acted or attempted to act in any way which in the opinion of NRC has brought or may bring the Company or any other company in its group into disrepute or discredit; and / or
 - g. any other act not included above but defined as misconduct in the Company's rules or policies as uploaded on the Company's Human Resource Information System and / or employment agreement and / or appointment letter.

Explanation: for Employees who are not an employee of the Company:

- (a) word "*Company*" would mean the companies with whom such employees are employed;
 - (b) "NRC" would mean the board of the companies with whom such employees are employed;
 - (c) "Company Policies / Terms of Employment/ Company's Human Resource Information System, etc." would mean the policies, terms and other systems of the companies with whom such employees are employed.
- (iii) "**Nomination and Remuneration Committee**" or "**NRC**" means the Nomination and Remuneration Committee of the Board, as constituted or reconstituted from time to time under Section 178 or any other relevant provisions of the Companies Act and nominated by the Board to act as the compensation committee as prescribed under Regulation 5 of SEBI SBEB Regulations.
 - (iv) "**Option Grantee**" shall mean an Employee who has been granted an Option in pursuance of ESOP 2018 and having a right but not an obligation to exercise the Options and shall deem to include nominee / legal heir of such Option Grantee in case of death of the Option Grantee to the extent provisions of the Plan are applicable.
 - (v) "**Permanent Incapacity**" shall mean any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by NRC based on a certificate of a medical expert identified by the Company.
 - (vi) "**Person**" includes an individual, statutory corporation, company, body corporate, partnership, joint venture, association of persons, Hindu Undivided Family (HUF), societies (including co-operative societies), trust, unincorporated organization, government (central, state or otherwise), sovereign state, or any agency, department, authority or political subdivision thereof, international organization, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and assigns and in case of an individual shall include his legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being.
 - (vii) "**Plan**" shall mean and refers to ESOP 2018 defined hereof.
 - (viii) "**Promoter**" shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.

- (ix) **“Promoter Group”** shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.
- (x) **“Relevant Date”** shall mean any of the following dates as the context requires:
 - (i) in the case of Grant, the date of the meeting of NRC 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 by the Option Grantee
- (xi) **“Retirement”** shall mean retirement as per the rules of the Company.
- (xii) **“SEBI SBEB Regulations”** shall mean the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and re-enacted from time to time, and includes all the clarifications, circulars and orders issued thereunder.
- (xiii) **“Shares”** shall mean equity shares of the Company of face value of Rs. 2/- (Rupees Two only)¹ each fully paid-up, including the equity shares arising out of the Exercise of Options granted under ESOP 2018.
- (xiv) **“Stock Exchange”** shall mean the National Stock Exchange of India Limited, BSE Limited or any other recognized stock exchanges in India on which the Shares of the Company are listed or to be listed.
- (xv) **“Subsidiaries”** means any present or future subsidiary company of the Company, as per the provisions of the Companies Act.
- (xvi) **“Unvested Option”** shall mean an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.
- (xvii) **“Vested Option”** shall mean an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.
- (xviii) **“Vesting”** shall mean earning by the Option Grantee of the right to Exercise the Options granted to him in pursuance of ESOP 2018.
- (xix) **“Vesting Condition”** shall mean any condition subject to which the Options granted would vest in an Option Grantee.
- (xx) **“Vesting Period”** shall mean the period during which the vesting of the Option granted to an Option Grantee, in terms of ESOP 2018, takes place.

2.2 Interpretation

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) a reference to the singular includes the plural and vice versa;
- d) a reference to a gender shall include references to the male, female and neuter genders; and

1. *The shareholders of the Company vide resolution passed through Postal Ballot approved the sub-division/split of 1 (one) equity share having face value of INR 10 (Indian Rupees Ten only) each into 5 (five) equity shares having face value of INR 2 (Indian Rupees Two only) each.*

- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.
- f) the terms defined above shall for the purposes of this Plan have the meanings herein specified and terms not defined above shall have the meanings as defined in the SEBI SEBE Regulations, the Companies Act or Applicable Laws, as the context requires. Reference to any act, rules, statute or notification shall include any statutory modifications, substitution or re-enactment thereof.

3. Authority and Ceiling

- 3.1 The shareholders of the Company have vide their special resolution dated 23 September 2018 approved the Plan authorizing NRC to grant not exceeding 1,75,00,000 (One Crore Seventy Five Lakhs)² Options to the eligible Employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 1,75,00,000 (One Crore Seventy Five Lakhs)² Shares of face value of Rs. 2/- (Rupees Two only)² each fully paid up, with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided under the Plan. NRC 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.
- 3.2 If the number of Options that may be granted to identified Employees shall be equal to or more than 1% (One percent) of the issued capital (excluding outstanding warrants & conversion) of the Company at the time of grant of Options, then the Company shall take prior approval from shareholders of the Company by way of a special resolution.
- 3.3 If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options pool as mentioned in Clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4 Similarly, where Shares are issued consequent upon exercise of an Option under ESOP 2018, the maximum number of Shares that can be issued under ESOP 2018 as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares issued.
- 3.5 In case of a Share split or consolidation, , if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Shares available for being granted under ESOP 2018 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of Shares X Face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs.10/- (Rupees Ten Only) per Share and the revised face value after the Share split is Rs.5/- (Rupees Five Only) per Share, the total number of Shares available ESOP 2018 would be (Shares reserved at Clause 3.1 x 2) Shares of Rs.5/- (Rupees Five Only) each. Similarly, in case of bonus issue, etc. the available number of Shares under the Plan shall be revised to restore the value.

4. Administration

- 4.1 The ESOP 2018 shall be administered by NRC. All questions of interpretation of ESOP 2018 or any Option thereto shall be determined by NRC and such determination shall be final and binding upon all Persons having an interest in ESOP 2018. Neither the Company nor NRC shall be liable for any action or determination made in good faith with respect to ESOP 2018 or any Option granted thereunder.

2. The shareholders of the Company vide resolution passed through Postal Ballot approved the sub-division/split of 1 (one) equity share having face value of INR 10 (Indian Rupees Ten only) each into 5 (five) equity shares having face value of INR 2 (Indian Rupees Two only) each. Consequently, the CIFL ESOP 2018 option pool has been adjusted and the same has been increased from 35,00,000 (Thirty Five Lakhs) to 1,75,00,000 (One Crore Seventy Five Lakhs) options, exercisable into not more than 1,75,00,000 (One Crore Seventy Five Lakhs) Shares of face value of INR 2 (Indian Rupees Two only) per share.

- 4.2 NRC shall in accordance with this Plan and Applicable Laws determine the following:
- (a) the quantum of the Option to be granted under ESOP 2018 to each Employee, subject to the ceiling as specified in Clause 3.1;
 - (b) the Eligibility Criteria for grant of Option to the Employees;
 - (c) the Exercise Period within which the Option Grantee should exercise the Options and that the Options would lapse on failure to Exercise the Options within the Exercise Period;
 - (d) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, Share split or consolidation, bonus issues, merger, sale of division and others. In this regard, the following shall be taken into consideration by NRC:
 - (i) the number and the price of Option shall be adjusted in a manner such that total value of the Option remains the same after the corporate action; and
 - (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
 - (e) the procedure and terms for the Grant, Vesting and Exercise of Options in case of Option Grantee who are on long leave;
 - (f) the conditions under which the Option vested in the Option Grantee may lapse in case of termination of employment for misconduct;
 - (g) the procedure for cashless Exercise of Option, if required; and
 - (h) approve forms, writings and/or agreements for use in pursuance of ESOP 2018.
- 4.3 NRC shall also frame suitable policies and systems to ensure that there is no violation of any securities laws including without limitation, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, 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 and any other regulation as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee.

5. Eligibility and Applicability

- 5.1 Only Employees are eligible for the Grant under ESOP 2018. The specific Employees to whom the Options would be granted, and their Eligibility Criteria shall be determined by NRC.
- 5.2 The Plan shall be applicable to the Company, its Subsidiaries and any successor company thereof and the Options may be granted to the Employees of the Company and/ or its Subsidiaries, as determined by NRC at its sole discretion.
- 5.3 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 NRC at its sole discretion, from time to time.

6. Grant and Acceptance of Grant

6.1 Grant of Options

- (a) Grants contemplated under the Plan shall be made on such day and month as decided by NRC at its discretion.

- (b) Each Grant of Option under the Plan shall be made in writing by the Company to the eligible Employees by way of letter of Grant containing specific details of the Grant, and disclosure requirements, as prescribed under the Applicable Laws.

6.2 **Acceptance of the Grant**

Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company a duly signed acceptance of the Grant Letter on or before the date ("**Closing Date**") which shall not be more than 30 (Thirty) days from the date of the Grant, as specified in the Grant Letter. On receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee.

- 6.3 Any eligible Employee, who fails to deliver the signed acceptance of the Grant Letter on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless NRC determines otherwise.

7. **Vesting Schedule and Vesting Conditions**

- 7.1 Option granted under ESOP 2018 shall vest not earlier than minimum period of **1 (One) year** and not later than maximum period of **5 (Five) years** from the date of Grant. NRC at its discretion may grant Options specifying Vesting Period ranging from minimum and maximum period as afore-stated.

Provided that in case where Options are granted by the Company under this Plan in lieu of options held by a Person under a similar plan in another company, which has merged or amalgamated with the Company, the period during which the options granted by the transferor company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause.

- 7.2 Vesting of Options would be subject to an Option Grantee being an "Employee" in terms of this Plan. In addition to this, NRC may also specify certain performance criteria subject to satisfaction of which the Options would vest.
- 7.3 As a prerequisite for a valid vesting, an Option Grantee is required to be in employment or service of the Company on the date of Vesting and shall neither be serving his notice for termination of employment / service, nor be subject to any disciplinary proceedings pending against him on such date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the relevant Vesting shall be kept in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.
- 7.4 The specific Vesting schedule and the Vesting Conditions subject to which the Vesting would take place shall be specified in the Grant Letter issued to the Option Grantee at the time of Grant.

7.5 **Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Option Grantee is on a sabbatical, unless otherwise decided by NRC. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by NRC.

8. **Exercise**

8.1 **Exercise Price**

- (a) The Exercise Price shall be determined by NRC at its sole discretion which shall not be less than face value of the shares.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as NRC may decide from time to time.

8.2 **Exercise Period**

(a) **Exercise while in employment:**

The Exercise Period in respect of Vested Options shall be the period as specified in the Grant Letter, subject to a maximum period of **5 (Five) years** from the date of Vesting of Options.

(b) Exercise in case of separation from employment:

Subject to maximum Exercise Period stated above, the Vested Options can be exercised as under:

S. No.	Events of separation	Vested Options	Unvested Options
1	Resignation / termination (other than due to Misconduct or due to breach of Company Policies/ Terms of Employment)	All Vested Options as on the date of submission of resignation/ date of termination shall be exercisable by the Option Grantee within 30 (Thirty) days from the date of resignation.	All Unvested Options as on date of submission of resignation/ date of termination shall stand cancelled with effect from date of such resignation/ termination.
2	Termination due to Misconduct or due to breach of Company Policies /Terms of Employment	All Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination.
3	Retirement	All Vested Options as on the date of Retirement can be exercisable by the Option Grantee within 180 (One Hundred and Eighty) days from the date of retirement.	All Unvested Options on the date of Retirement shall stand cancelled with effect from date of Retirement.
4	Death	All Vested Options may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than 12 (Twelve) months from the date of Death of the Option Grantee.	All Unvested Options as on date of death shall vest immediately in the Option Grantee's nominee or legal heir and can be exercised immediately after, but in no event later than 12 (Twelve) months from the date of Death of the Option Grantee.
5	Permanent Incapacity	All Vested Options may be exercised by the Option Grantee, immediately after, but in no event later than 180 (One Hundred and Eighty) days from the date of such incapacity.	All Unvested Options as on date of incurring of such incapacity shall vest immediately in the Option Grantee and can be exercised immediately after, but in no event later than 180 (One Hundred and Eighty) days from the date of such incapacity.
6	Abandonment of employment	All Vested Options shall stand cancelled with effect from such date as determined by NRC.	All Unvested Options shall stand cancelled with effect from such date as determined by NRC.

7	Termination due to reasons apart from those mentioned above	NRC shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of such termination shall stand cancelled unless otherwise required by the Applicable Laws.
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8.3 The Options shall be deemed to have been exercised when an Option Grantee makes an application in writing to the Company or by any other means as decided by NRC, for the issue of Shares against the Options vested in him, subject to payment of the Exercise Price and compliance of other requisite conditions of Exercise.

8.4 Lapse of Options

The Options not exercised within the respective Exercise Periods prescribed in Clause 8, shall lapse and be deemed to be cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled Options.

9. Lock-in

Subject to the provisions of the Memorandum of Association and Articles of Association of the Company, the Shares arising upon Exercise of Options shall not be subject to any lock-in period from the date of allotment of such Shares under ESOP 2018.

Provided that the Shares allotted on such Exercise cannot be sold for such further period or intermittently as required under the terms of code of conduct for Prevention of Insider Trading of the Company framed under Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or such other period as may be stipulated from time to time in terms of such code of conduct.

10. Exit route in case of de-listing

If the Company gets de-listed from all the recognized Stock Exchanges, then NRC shall have the powers to set out terms and conditions for the treatment of the Vested Options and the Unvested Options, in due compliance of the Applicable Laws.

11. Restriction on transfer of Options

11.1 The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

11.2 Options shall not be transferable to any Person except in the event of death of the Option Grantee, in which case provisions of Clause 8.2(b)(4) would apply.

11.3 No Person other than the Option Grantee shall be entitled to Exercise the Option except in the event of the death of the Option Grantee, in which case provisions of Clause 8.2(b)(4) would apply.

12. Rights as a shareholder

12.1 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of the Options granted, till Shares underlying such Options are issued by the Company upon Exercise of such Options.

- 12.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee exercises the Option and becomes a registered holder of the Shares of the Company.
- 12.3 If the Company issues bonus shares or rights shares, the Option Grantee shall not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options and / or the Exercise Price shall be made in accordance with Clause 4.2(f) of ESOP 2018.

13. Deduction/Recovery of Tax

- 13.1 The liability of paying taxes, if any, in respect of Options granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee and in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working abroad, if any.
- 13.2 The Company shall have the right to deduct from the salary of the Employee or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 13.3 The Company shall have no obligation to deliver the Shares until the tax deduction obligations of the Company, if any, have been satisfied by the Option Grantee in full.

14. Authority to vary terms

- 14.1 For the purposes of efficient implementation and administration of the Plan, the Company may revise any of the terms and conditions provided:
- (a) a shareholder's special resolution with respect to such revision has been passed;
 - (b) such revision is with respect to the Options not exercised as on the date of revision; and
 - (c) such revision is not prejudicial to the interests of the Option Grantees.
- 14.2 The Company may also re-price the Options, which are not exercised, and which may or may not have been vested, if the Plan is rendered unattractive due to fall in the price of the Shares.
- 14.3 Nothing contained herein shall restrict the Company to vary the terms of the Plan to meet any regulatory requirements, as required from time to time.

15. Miscellaneous

15.1 Government Regulations

This ESOP 2018 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment of Shares under this ESOP 2018 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

15.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Law, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company from any and all liability in respect of the failure to issue or sell such Shares.

- 15.3 Neither the existence of this Plan nor the fact that an Employee has, on any occasion, been granted an Option shall give such Employee any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Option on any other occasion.
- 15.4 The rights granted to an Option Grantee upon the grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (irrespective of such termination being wrongful or unfair).
- 15.5 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option in whole or in part.
- 15.6 **General Risks**
Participation in ESOP 2018 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone.

16. Accounting and Disclosures

- 16.1 The Company shall follow the laws / regulations applicable to accounting and disclosure related to the Options, including but not limited to the Indian Accounting Standards/ Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant accounting standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.
- 16.2 Where any existing accounting guidelines do not prescribe accounting treatment and/or disclosure requirements for ESOP 2018, then the Company shall comply with the relevant accounting standards as may be prescribed in this behalf under SEBI SBEB Regulations or any other Applicable Law, from time to time.
- 16.3 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features of ESOP 2018 in a format as prescribed under SEBI SBEB Regulations.

17. Certificate from Auditors

The Board shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that ESOP 2018 has been implemented in accordance with SEBI SBEB Regulations and in accordance with the shareholder's resolution of the Company.

18. Governing Laws

- 18.1 The terms and conditions of ESOP 2018 shall be governed by and construed in accordance with the Applicable Laws including the Foreign Exchange Laws mentioned below.
- 18.2 **Foreign Exchange Laws**
In case, any Options are granted to any Employee being resident outside India belonging to the Company or Subsidiaries of the Company, as the case may be, working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time, shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with the Grant, the Vesting, the Exercise of Options and issue of Shares thereof.

19. Notices

19.1 All notices of communication required to be given by the Company to an Option Grantee with respect to this ESOP 2018 shall be in writing and must be in English. The communications shall be made by the Company in any one or more of the following ways:

- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
- ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or
- iii. Emailing the communication(s) to the Option Grantee at the official email address provided, if any, by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

19.2 All notices of communication to be given by an Option Grantee to the Company in respect of ESOP 2018 shall be sent to the address mentioned below:

Designation: Head - Human Resource

Address: Capital India Finance Limited

701, 7th Floor, Aggarwal Corporate Tower, Plot No. 23, District Centre, Rajendra Place, New Delhi – 110008.

E-mail: hr@capitalindia.com

20. Nomination

The Option Grantee shall nominate a Person as his / her nominee. The nominee in case of death or legal incapacity of the Option Grantee shall be the legal representative recognized by the Company as the inheritor of the Option Grantee in respect of all rights and liabilities for the purposes of this Plan.

21. Jurisdiction

21.1 The Courts in New Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2018.

21.2 Nothing in this Sub-clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2018:

- (i) in any other court of competent jurisdiction; or
- (ii) con-currently in more than one jurisdiction.

22. Listing of the Shares

Subject to the approval of the Stock Exchange(s), the Shares issued and allotted on Exercise of the Options shall be listed on the recognized Stock Exchange(s) on which the Shares of the Company are listed or proposed to be additionally listed.

23. Severability

In the event any one or more of the provisions contained in this ESOP 2018 shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this ESOP 2018, but ESOP 2018 shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and ESOP 2018 shall be carried out as nearly as possible according to its original intent and terms.

24. Confidentiality

24.1 An Option Grantee must keep the details of ESOP 2018 and all other documents in connection thereto strictly confidential and must not disclose the details to any of his peer, colleagues, or with any Employee and/ or associate of the Company or that of its affiliates. In case, the Option Grantee is found in breach of this confidentiality Clause, the Company has undisputed right to terminate any agreement

and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality Clause shall be final, binding and shall not be liable to any objection from the Option Grantee. In case of non-adherence to the provisions of this Clause, NRC shall have the authority to deal with such cases as it may deem fit.

- 24.2 On acceptance of the Grant offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Plan or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

-----End of Plan-----