

**Agro Tech Foods Limited**  
**EMPLOYEE STOCK OPTION PLAN 2024**

Certified True Copy

**For Sundrop Brands Limited**

*(Formerly known as Agro Tech Foods Limited)*



**Jyoti Chawla**

Company Secretary and Compliance Officer



Date of Approval of Scheme by Board of Directors- August 28, 2024

Date of Approval of Scheme by Nomination & Remuneration Committee- August 28, 2024

Date of Approval of Scheme by Shareholders of the Company- April 27, 2025

*Note: The Company name has been changed from "Agro Tech Foods Limited" to "Sundrop Brands Limited" w.e.f. March 8, 2025 pursuant to fresh certificate of incorporation issued by the Ministry of Corporate Affairs. Consequently, the company's name was also changed on BSE and NSE w.e.f. March 28, 2025.*

## Agro Tech Foods Limited

### EMPLOYEE STOCK OPTION PLAN 2024

#### 1. TITLE

This Plan shall be called the Agro Tech Foods Limited Employees Stock Option Plan, 2024 ("**ATFOODS ESOP 2024**" or "**Scheme**" or '**Plan**').

#### 2. OBJECT

In order to reward and retain the employees and to create a sense of ownership and participation amongst them, the Company has formulated **ATFOODS ESOP 2024** in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SEBI SBEBS Regulations**").

This Scheme has been adopted by passing a special resolution on April 27, 2025 by Shareholders of the Company by means of postal ballot by remote e-voting, with the object of granting Options, at the discretion of the NRC, to the Eligible Employee of the Company, Subsidiaries, or Associates, giving them an opportunity to acquire or purchase Equity Shares directly from the Company on Exercise of such Options as per the terms and conditions as stipulated in the Scheme. The date of institution of the Scheme will be the date on which the Scheme is approved by the Shareholders of the Company.

#### 3. DEFINITIONS

The following terms as used herein shall have the meaning specified:

- 3.1 "**Applicable Law**" means every law relating to Options, to the extent applicable, including without limitation to the Companies Act, SEBI SBEBS Regulations, all relevant tax, securities, exchange control, corporate laws of India or of any other relevant jurisdiction, or rules of any Stock Exchange on which the Shares of the Company are listed or to be listed or quoted which deems to include any amendment and re-enactment thereof.
- 3.2 "**Companies Act**" means the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force and rules notified under the Companies Act, 2013.
- 3.3 "**Allotment**" refers to the issue of Shares by the Company to the Eligible Employees pursuant to Exercise of Options granted to them.
- 3.4 "**Associate Company**" shall have the meaning as defined under section 2 (6) of the Companies Act.
- 3.5 "**Board of Directors**" or "**Board**" means the Board of Directors for the time being of the Company or any committee thereof.

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3.6 **"Cause"** shall mean, as determined by the NRC:

- a. the continued failure of the Optionee to substantially perform his duties to the Company, its Subsidiary Company or its Associate Company (other than any such failure resulting from retirement, death or disability as provided below); or
- b. the engaging by the Optionee in willful, reckless or grossly negligent misconduct which is determined by NRC to be detrimental to the interest of the Company, its Subsidiary Company or its Associate Company or any of its affiliates, monetarily or otherwise; or
- c. fraud, misfeasance, breach of trust or wrongful disclosure by the Optionee of any secret or confidential information about the Company, its Subsidiary Company or its Associate Company; or
- d. the Optionee commits an act of insolvency; or
- e. the Optionee is charged under Applicable Law or convicted by court of any offence; or
- f. the Optionee found to be involved in any activity of morale turpitude; or
- i. any other terms and conditions as notified by the NRC from time to time.

3.7 **"Change in Capital Structure"** means a change in the capital structure of the Company as a result of re-classification of shares, splitting up of the face value of shares, sub-division of shares, issue of bonus shares, conversion of shares into other shares or securities of the Company and any other change in the rights or obligations in respect of the shares.

3.8 **"Control"** shall have the same meaning as defined under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

3.9 **"Company"** means Agro Tech Foods Limited bearing corporate identification number (CIN) L15142TG1986PLC006957, a company existing under the laws of India and having its registered office at 31, Sarojini Devi Road, Secunderabad, Telangana - 500 003.

3.10 **"Corporate Action"** means one of the following events:

- (i) The merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the shares are converted into or exchanged for:
  - (a) a different class of securities of the Company; or
  - (b) any securities of any other issuer; or
  - (c) cash; or
  - (d) other property.
- (ii) The sale, lease or exchange of all or substantially all of the assets or undertaking of the Company.

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- (iii) The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
- (iv) Acquisition by any company, person, entity or group of a controlling stake in the Company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the Company.
- (v) Rights issue, bonus issue and others.
- (vi) Any other event, which in the opinion of the Board has a material impact on the business of the Company, which requires corporate action.

3.11 **"Director"** means the member of Board of Directors of the Company.

3.12 **"Eligible Employee"** means

- (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;
- (iii) an employee as defined in sub-clauses (i) and (ii), of Group Company including Subsidiary Company(ies) and its Associate Company, in India or outside India,

**but excludes**

- a. an employee who is a Promoter or a person belonging to the Promoter Group; or
- b. a Director who, either by himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding Equity Shares of the Company.

Provided that in case of any Grant to the Eligible Employees of the Group Company including Subsidiary Company(ies) and Associate Company, the Company shall obtain prior approval of the shareholders of the Company by way of a special resolution.

- 3.13 **"Exercise"** means making an application by an Eligible Employee to the Company for issue of Equity Shares against Vested Options in pursuance of the Scheme.
- 3.14 **"Exercise Date"** means the date on which an Eligible Employee Exercises his/her Vested Options to acquire the Equity Shares of the Company.
- 3.15 **"Exercise Period"** means the time period from the date of Vesting within which an Eligible Employee should exercise his/her right to apply for Equity Shares against the Vested Options in pursuance of the Scheme and shall be specified in the Grant Letter.
- 3.16 **"Exercise Price"** means the price payable by the Eligible Employee for exercising each Options granted in pursuance of the Scheme in accordance with Clause 8.1 of this Scheme.

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- 3.17 **"Equity Share"** means an equity share of the Company of the face value of Rs. 10/- (Rupees Ten only) each.
- 3.18 **"Grant"** means the process by which Company issues Options under the Scheme.
- 3.19 **"Group" or "Group Company"** means two or more companies which, directly or indirectly, are in a position to:
- (i) exercise twenty-six per cent. or more of the voting rights in the other company; or
  - (ii) appoint more than fifty per cent. of the members of the Board of Directors in the other company; or
  - (iii) control the management or affairs of the other company.
- 3.20 **"Long Leave"** shall mean continuous period of leave of more than 3 (Three) months, with or without pay, granted in accordance with the Company's policy or with a due approval from the appropriate authority in the Company.
- 3.21 **"Market Price"** means the latest available closing price on a recognised Stock Exchange on which the shares of the company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one Stock Exchange, then the closing price on the Stock Exchange having higher trading volume shall be considered as the market price.
- 3.22 **"Merchant Banker"** shall have the same meaning assigned to it under regulation 2(1)(cb) of the SEBI (Merchant Bankers) Regulations, 1992, which is registered under Section 12 of the SEBI Act, 1992.
- 3.23 **"Nominee"** means (A) an individual appointed by the Eligible Employee by submitting a letter in the form specified by the Board in this regard, which may be revoked or change any time but before the Exercise of Options; (B) if no such nomination has been made in accordance with (A) herein or if the individual nomination is not in existence, then Nominee shall mean the legal heir of the Eligible Employee.
- 3.24 **"Nomination and Remuneration Committee" or 'NRC'** means the Nomination and Remuneration Committee as constituted by the Board of Directors of the Company in compliance with the provisions of the Companies Act and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.25 **"Option"** means the option given to an Eligible Employee which gives such Eligible Employee a right to purchase or subscribe to at a future date, the Equity Shares offered by the Company, directly or indirectly, at a pre-determined price.
- 3.26 **"Optionee" or "Option Grantee"** means an Eligible Employee who has been granted an Option under this Scheme and where the context requires shall include the guardian of an incapacitated Eligible Employee and the Nominee of a deceased Eligible Employee.

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- 3.27 **"Permanent Incapacity"** means 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 NRC based on a certificate of a medical expert identified by such NRC.
- 3.28 **"Promoter"** shall have the same meaning assigned to it under the SEBI (Issue and Capital and Disclosure) Requirements 2018.
- 3.29 **"Promoter Group"** shall have the same meaning assigned to it under the SEBI (Issue and Capital and Disclosure) Requirements 2018.
- 3.30 **"Relevant Date"** means
- (i) in the case of Grant, the date of the meeting of the NRC on which the Grant is made; or
  - (ii) in the case of Exercise, the date on which the notice of Exercise with payment towards Exercise Price is given to the Company by the Eligible Employee.
- 3.31 **"SEBI"** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
- 3.32 **"SEBI SBEBS Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time.
- 3.33 **"Secretarial Auditor"** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015.
- 3.34 **"Subsidiary Company"** means a subsidiary of the Company as defined in the Companies Act.
- 3.35 **"Successor"** of an Optionee means a legal representative of the estate of a deceased Optionee or the person or persons who shall acquire the right to Exercise an Option by operation of law or due to death of the Optionee.
- 3.36 **"Stock Exchange"** means National Stock Exchange Limited and BSE Limited or any recognized other stock exchange in India on which the Company's Shares are listed.
- 3.37 **"Unvested Option"** means an Option in respect of which the relevant Vesting Period has not yet commenced and as such, the Optionee has not become eligible to Exercise the Option.

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3.38 **"Vesting"** means the process by which the Optionee becomes entitled to receive the benefit of a Grant made to such Optionee under the Scheme.

3.39 **"Vesting Condition"** means any condition as determined by the NRC at the time of grant subject to which the Options granted would vest to an Optionee.

3.40 **"Vesting Period"** means the period during which the Vesting of Option granted under the Scheme takes place.

3.41 **"Vesting Date"** means the earliest date on which an Optionee may exercise the rights under the Options.

3.42 **"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Optionee has become eligible to Exercise the Option.

Words and expressions used and not defined in this Scheme but defined in the SEBI Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act (18 of 2013) or the SEBI SBEBS Regulations and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation.

#### 4. **AUTHORITY & IMPLEMENTATION**

4.1 The shareholders of the Company have vide their resolution dated April 27, 2025 approved the Scheme and authorized the Board / NRC to grant Options to the Eligible Employees in one or more tranches, from time to time as per the Scheme.

4.2 The Scheme shall be implemented by the NRC under the broad policy and framework laid down by the Board in accordance with the authority delegated to the NRC in this regard from time to time.

4.3 All decisions, determinations and interpretations of the NRC shall be final and binding on all Optionees.

#### 5. **AUTHORITY AND CEILING**

5.1 The shareholders of the Company, while approving this **ATFOODS ESOP 2024** by way of special resolution dated **April 27, 2025**, have authorized the NRC to grant not exceeding 20,00,000 (Twenty Lakhs) Options to the Eligible Employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 20,00,000 (Twenty lakhs) Equity Shares of face value of Rs. 10/- (Rupees Ten Only) each fully paid up, with each such Option conferring a right upon the Eligible Employees to apply for one Equity Share in the Company, in accordance with terms and conditions as may be decided by the NRC in accordance with the provisions of this **ATFOODS ESOP 2024** and in due compliance with Applicable Law.

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- 5.2 The maximum number of Options that may be granted to one Eligible Employee, in one year and in aggregate (taking into account all grants) for such Eligible Employee, shall not exceed 10,00,000 (Ten Lakhs) Options.
- 5.3 If the Options Granted under the Scheme, are surrendered, forfeited or lapsed under any provision of the Scheme, such Options shall be available for further Grants under the Plan (unless the Scheme is terminated).
- 5.4 Where Share are issued consequent upon Exercise of Options under the **ATFOODS ESOP 2024**, the maximum number of Shares that can be issued under the **ATFOODS ESOP 2024** as referred to in sub-clause 5.1 above shall stand reduced to the extent of such Shares issued.
- 5.5 During any one year, no Eligible Employee shall be granted Options equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Options unless an approval from the shareholders is taken by way of separate special resolution.

## 6. SCHEME DURATION

The Scheme shall continue to be in force until (i) its termination by the Board or NRC as per provisions of Applicable Law, or (ii) the date on which all of the Options available for Grant under the Scheme have been issued and exercised, whichever is earlier or till such time the Scheme is terminated as prescribed under Clause 16 of this Scheme or otherwise as per Applicable Law.

## 7. ADMINISTRATION

- 7.1 The Nomination & Remuneration Committee (NRC) of the Board constituted by the Company pursuant to the provisions of Section 178 of the Companies Act is hereby designated as the 'Compensation Committee' under Regulation 5 of SEBI SBEBS Regulations for administration and superintendence of the Scheme.
- 7.2 The powers of the NRC, *inter alia*, include the following:
- (i) to determine the Eligible Employees to whom Options are to be granted, number of Options to be granted per Eligible Employee and in aggregate, the Exercise Price, the Vesting Date, the Vesting Date, the Vesting schedule and the proportion of Options that shall vest on each of the Vesting Dates and other terms and conditions.
  - (ii) to determine the Vesting Conditions that are required to be fulfilled by the Eligible Employees.
  - (iii) to lay down the terms and conditions based on which the Options Vested in Optionees may lapse, continue, or be retained by Optionees, in case of termination of employment of such Optionees;
  - (iv) to lay down the terms and conditions based on which Options Vested in Optionees may lapse, in case of voluntary surrender of Options by Optionees;

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- (v) to lay down the terms and conditions based on which Vested Options may be permitted to be exercised in case of resignation by such Optionees;
- (vi) to determine the Exercise Period within which the Optionee should Exercise the Options and terms on which the Options would lapse on failure to Exercise the same within the Exercise Period;
- (vii) to determine the Vesting Period within which the Vesting Conditions should be fulfilled so that the Options vest with the Optionees;
- (viii) to specify the time period within which the Optionees shall Exercise the Vested Options, in the event of resignation by Optionees;
- (ix) to lay down, in compliance with Applicable Law, including the SEBI SBEBS Regulations and the applicable accounting policies, the procedure, mechanism and formula/construct for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and/or to the Exercise Price in case of any Corporate Action or pursuant to any Change in Capital Structure. In this regard, the following shall, *inter alia*, be taken into consideration by the NRC:
  - a. the number and price of Options shall be adjusted in a manner such that total value to the Eligible Employee of the Options remains the same after such Corporate Action or pursuant to any Change in Capital Structure; and
  - b. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Eligible Employee who is granted such Options.
- (x) to provide for the right of an Optionees to Exercise all the Options Vested in him/her at one time or at various points of time within the Exercise Period;
- (xi) to lay down the method for satisfaction of any tax obligation arising in connection with the Options or the Equity Shares;
- (xii) to provide for the Grant, Vesting and Exercise of Options in case of Optionees who are on Long Leave;
- (xiii) to formulate terms and mechanism for re-pricing of the Options, whether by way of change in the number of Options or the Exercise Price or both, such that the terms are not prejudicial to the interest of the Optionees;
- (xiv) to lay down the procedure for transfer of benefits granted to the Optionees under the Scheme in the case of transfer/deputation of the Optionees to any Subsidiary or Associate Company, as applicable;
- (xv) to formulate other detailed terms and conditions of the Scheme in relation to the matters enumerated hereinbefore;

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- (xvi) to construe and interpret the terms of the Plan and Options granted pursuant to the Plan and to resolve difficulties and issues arising in connection with the Plan, if any; and
- (xvii) subject to minimum Vesting Period as per Applicable Law, to decide on accelerated Vesting of Options granted under the Scheme pursuant to any event including an event which may be considered by the NRC as a Change in Control event in the Company.

All decisions, determinations and interpretations of the Nomination and Remuneration Committee shall be final and binding on all concerned.

- 7.3 The NRC shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) 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 (c) 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, its Subsidiary Company(ies), its Associate Company(ies) and any of its Employee.
- 7.4 The NRC shall have a right to delegate or authorize any officer of the Company, if required and subject to the extent allowed under the Applicable Law, such power to do specific acts and things without limitation to the listing of Shares on recognized Stock Exchange(s) arising pursuant to Exercise of Vested Options, execution and submission of various document(s) to recognized Stock Exchange(s) or any other institution as may be deemed necessary in connection with the ATFOODS ESOP 2024.
- 7.5 No Member of the NRC shall be personally liable for any decision or action taken in good faith with respect to the ATFOODS ESOP 2024.

## **8. ELIGIBILITY, APPLICABILITY, GRANT AND ACCEPTANCE OF OPTIONS**

- 8.1 Only Eligible Employees of Company, Subsidiary Company and Associate Company are eligible for being granted Option under the Scheme. The specific Employees to whom the Option would be granted, and their eligibility criteria shall be determined by the NRC.
- 8.2 The NRC may from time-to-time Grant Options to one or more Eligible Employee(s), which may include recurring Options to the same Eligible Employee.
- 8.3 Unless otherwise specified in the Grant letter (" **Grant Letter**"), all Grants shall be deemed to have been made effective from the date of the Grant Letter. Any Grant agreed to be made to a prospective Employee upon the condition that such person becomes an Employee shall be deemed to have been granted and shall become effective on the earliest of the dates specified hereinbefore in this paragraph after the date on which such person commences employment with the Company.
- 8.4 The Grant Letter shall specify the date of Grant, number of Options granted, Exercise Price, the Vesting Conditions of the Option, the earliest date on which some or all of the Options under the Grant shall be eligible for Vesting, fulfillment of the performance and other conditions, if any, subject to which Vesting shall take, and the other terms and conditions thereof.

- 8.5 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 within the timeframe as specified in the Grant Letter. On receipt by the Company of the signed acceptance, such Eligible Employee will become an 'Option Grantee'.
- 8.6 Upon acceptance of the Grant in the manner described above, the Eligible Employee, henceforth as an Option Grantee, shall be bound by the terms, conditions and restrictions of Scheme and the Grant Letter.
- 8.7 Any Eligible Employee who fails to deliver the signed acceptance of the Grant Letter on or before the date stated above shall be deemed to have rejected the Grant unless the NRC determines otherwise.

## **9 EXERCISE PRICE**

The Lot of Options will be granted at a discount of upto 50% of prevailing Market Price ("Initial Issue Price"), subject to final approval of the Scheme by the shareholders and as determined by NRC at the time of Grant.

The Exercise Price for future Grants (i.e. other than the Initial Lot of Options) shall be determined by the Nomination and Remuneration Committee at the time of Grant and such price per Option shall not be less than Initial Issue Price.

For the purpose of this clause, Options that will be granted by the Nomination and Remuneration Committee on or before 1 year from the approval of the Scheme by the shareholders of the Company, will comprise the 'Initial Lot of Options.'

The specific Exercise Price shall be specified in the Grant Letter issued to the Option Grantee at the time of the Grant.

## **10. APPRAISALS AND ELIGIBILITY OF AN ELIGIBLE EMPLOYEE**

- 10.1 Only the Eligible Employees as determined by the NRC will be granted Options under the Scheme.
- 10.2 Neither the Scheme nor any other option scheme shall confer upon any Optionee any right with respect to continuing the Optionees relationship as employee with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, for any reason whatsoever.
- 10.3 The appraisal process shall include evaluation of an employee based on one or more criteria for determining eligibility of the employees to be granted Options, including but not limited to the following:
- Level and role of the Employee;
  - Performance of the Employee;
  - Tenure with the organization;

- Grade with the organization; and
- Such other factors as the NRC may at its discretion decide from time to time.

## 11. VESTING OF OPTIONS

- 11.1 The Options granted under the Scheme shall vest after a minimum Vesting Period of **1 (One) year** but not later than a maximum period of upto **5 (Five) years** from the date of Grant, in one or more tranches, subject to the Eligible Employee achieving the determined criteria. The NRC shall determine the specific Vesting percentage and schedule which may be different for different Eligible Employees or class thereof at the time of Grant.

Provided that in case where Options are granted by the Company under the Scheme in lieu of options held by a person under a similar Scheme in another company ("**Transferor 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 in due compliance with the provisions of SEBI SBEBS Regulations.

- 11.2 Vesting of Options would be subject to continued employment with the Company, or with its Subsidiary Company, or with its Associate Company, as the case may be and that the Optionee has not served any notice of resignation. In addition to the continuation of employment/services, the Options may vest subject to the achievement of one or more of the performance conditions outlined below and as may be determined by the NRC, which shall have the power to select the performance parameters for an Eligible Employee or class of Eligible Employees depending on the specific roles and the relative weightages assigned to each parameter:

- Return on capital employed,
- Revenue from operations,
- Earnings before interest, taxation, depreciation and amortization (EBITDA),
- Shareholders value creation, and
- Such other conditions as may be determined by the NRC.

- 11.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the letter of Grant given to the Optionee at the time of Grant of Options.

- 11.4 As a prerequisite for a valid Vesting, an Optionee must not be subject to any disciplinary proceedings pending against him on such date of Vesting. In case of any disciplinary proceedings against any Optionee, the relevant Vesting shall be kept in abeyance until disposal of the proceedings. In case of reinstatement, Vesting shall happen as if there was no abeyance. In case of termination from employment/ service, the provisions of (relating to termination due to Cause) outlined in the Sub-clause 13.1 of the Plan shall apply.

- 11.3 In the event of criteria not being achieved, the NRC will have powers to allow the Vesting of Options in the manner or on such basis as decided by the NRC including on a pro-rata basis. The NRC shall have discretion in modifying the criteria, which should not be detrimental to the

Option Grantee, to ensure alignment with the Company's long-term strategy and goals and the industry practice.

11.4 In the event of death or permanent incapacity of an employee, the minimum Vesting Period of one year as mentioned in sub clause 11.1 shall not be applicable.

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

## **12. EXERCISE OF OPTIONS**

12.1 Subject to Clause 13, all Vested Options shall be respectively exercised in one or more tranches within the Exercise Period being a period of **5 (Five) years** from the date of Vesting, or such other period as may be decided by the NRC failing which the Options shall lapse.

12.2 The Optionee may Exercise the Options by submitting an application to the Board of Directors/NRC to issue and allot him Equity Shares pursuant to the Exercise of Vested Options accompanied by payment of an amount equivalent to the Exercise Price for each Vested Option.

12.3 The Scheme does not contemplate cashless Exercise of Options and the Company does not intend to arrange funding for the Exercise of Options granted under the Scheme.

The Company may permit the empanelled stockbrokers to make suitable arrangements to fund the Eligible Employee for payment of Exercise Price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to Exercise of Options granted under the Scheme.

12.4 Except as otherwise provided, payment of the Exercise Price for the Equity Shares to be acquired pursuant to Exercise of Options shall be made either by:

- (i) cheque payable at the registered office of the Company;
- (ii) through direct bank transfer to the Company's bank account;
- (iii) the Optionee's authority to the Company to deduct such amount from his salary due and payable;
- (iv) such other form of payment as may be approved by the NRC from time to time to the extent permitted by Applicable Law; or
- (v) a combination of any two or more of the abovementioned methods.

12.5 The application shall be in such form as may be prescribed in this regard and the NRC may determine the procedure for the Exercise from time to time.

12.6 The Optionee shall appoint any person(s) as Nominee(s) for the purpose of Exercising the rights on his death, subject to the terms and conditions of the Plan. The Optionee shall appoint such Nominee(s) by submitting a letter in the form specified by NRC in this regard. The Optionee has the right to revoke/change such nomination. The Nominee(s) shall alone be entitled to Exercise the rights of the Optionee concerned in the event of the death of the Optionee.

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12.7 Notwithstanding anything contained elsewhere in the Plan, Board and/ or NRC may:

- (i) Not permit the Exercise of any Options (whether Vested or not) granted to an Eligible Employee, in the event the employment of the Employee is terminated for Cause as stated in Clause 12.1 of this Scheme. and in such an event the rights under the Options (whether Vested or not) shall lapse, forthwith, without any claim on or recourse to the Company.
- (ii) If the Exercise of Options within the Exercise Period, is prevented by any Applicable Law or regulation in force, defer or not permit the Exercise of Options till such time as it is prohibited by the Applicable Law or regulations and in such an event the Company shall not be liable to pay any compensation or similar payment to the Optionee for any loss suffered due to such refusal.

Provided further that the Board and / or NRC shall have the power to cancel all or any of the Options granted under the Plan if so, required under any Applicable Law for the time being in force or the order of any jurisdictional Court or Tribunal. In the event of any such cancellation, no compensation shall be payable to the Optionee for such cancelled Options.

12.8 In the event of Long Leave, (a) the Optionee can Exercise their Vested Options through a duly constituted attorney of such Optionee or (b) within a period of 30 (thirty) days or such other extended date as the NRC may decide from the date on which the Optionee joins back the office after such Long Leave.

### 13. TREATMENT OF OPTIONS ON CESSATION OF EMPLOYMENT

13.1 In a case where the employment of an Optionee is **terminated due to Cause** (defined herein), all Options which are **vested or unvested**, on the date of termination shall stand **cancelled** forthwith and that Optionee shall not be permitted to Exercise any right to apply for Equity Shares in respect of Options granted to him.

For the purposes of this sub-clause, date of the cessation of employment of an Optionee shall mean the date of termination of the employment specified by the Company in the letter of termination issued to that Optionee.

13.2 In case of **resignation** by an Optionee, all **Vested Options** on the date of resignation shall be exercised by the Optionee before the expiry of **1 (One) month** from the date of tendering resignation or before the last day of employment, whichever is later, failing which all the Options that are yet to be exercised shall expire. All the Options which are **Granted and yet not Vested** as on the date of tendering of resignation, **shall lapse** on such date.

13.3 In the event of separation from employment due to **retirement or superannuation**, all **Vested Options** on the date of retirement or superannuation, shall be exercised by the Optionee before the expiry of **3 (Three) years** from the date of such event. All the Options granted to an Eligible Employee but not vested as on the date of retirement or superannuation would continue to vest in accordance with the respective Vesting schedules even after retirement or superannuation in accordance with this Scheme, Company's policies and the Applicable Law and upon Vesting, be exercised within the Exercise Period or a period not exceeding **3 (Three)**



years from such Vesting, whichever is earlier.

- 13.4 In the event of cessation of employment by **death** or **Permanent Incapacity** of an Optionee whilst in employment, all Options granted to such Optionee till the date of death or Permanent Incapacity, shall vest in him /her / Nominee, as applicable, on that day. All Options which are Vested Options on the date of death or Permanent Incapacitation shall be exercisable by the Optionee / Nominee, as the case may be, before the expiry of **1 (One) year** from the date of the death or before the expiry of **3 (Three) years** from the date of cessation of employment due to Permanent Incapacity of such Optionee, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.
- 13.5 Notwithstanding anything contained in this Plan, the Nomination and Remuneration Committee will have powers to decide on Permanent Incapacitation of any Eligible Employee on a case to case basis.
- 13.6 For the purpose of the Plan, any transfer/deputation of the employment of an Employee between the Company and its Subsidiary/ Associate Company shall not be considered as termination of employment. In the event of transfer to a Subsidiary/Associate Company, the Vesting and/or Exercise of Options shall continue for the transferred/deputed Employee. All Options granted to the Employee prior to the date of transfer shall vest and may be exercised in accordance with the conditions specified in this Plan and the Grant Letter.
- 13.7 In the event of separation for reasons other than those specified above, the NRC, in accordance with the Applicable Law, shall determine the treatment of Vested and unvested Options, and such decision shall be final.

#### **14. TERMS AND CONDITIONS OF SHARES**

- 14.1 All Equity Shares acquired under the Plan will rank *pari passu* with all other Equity Shares of the Company for the time being in issue, save as regards any right attached to any such Equity Shares by reference to a record date prior to the date of Allotment.
- 14.2 Neither an Optionee, nor his successor in interest, shall have any of the rights of a shareholder of the Company with respect to the Equity Shares for which the Option is exercised until the Company allots such Equity Shares.
- 14.3 **Lock-in:** The Equity Shares arising out of the exercised and Vested Options shall not be subject to any lock-in after such Exercise.

However, the transferability of the Equity Shares after listing shall be subject to the restriction for such period in terms of the SEBI (Prohibition of Insider Trading), Regulations, 2015 as amended and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.

#### **15. ADJUSTMENTS UPON CHANGES IN CAPITALISATION, MERGER OR ASSET SALE.**

##### **15.1 Changes in Capitalization:**

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Company Secretary

Subject to any required action by the shareholders of the Company, the number of Equity Shares covered by each outstanding Option, and the number of Equity Shares, which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per Equity Share covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Equity Shares resulting from a stock split, reverse stock split, stock dividend, bonus issue, combination or reclassification of the Equity Shares, or any other increase or decrease in the number of issued Equity Shares effected without receipt of consideration by the Company.

In case of share split or consolidation, if the revised face value of the Equity 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 issued under Scheme as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of shares X face value per share) prior to such share split or consolidation remains unchanged after such split or consolidation. Thus, for example if the prevailing face value of each Equity Share is Rs.10 per Equity Share and revised face value after the split is Rs.5 per Equity Share, the total number of Equity Shares available under the Scheme would be Equity Shares reserved under sub clause 5.1 multiplied by 2.

## **15.2 Dissolution or Liquidation:**

In the event of the proposed dissolution or liquidation of the Company, the NRC shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The NRC in its discretion may provide for an Optionee to have the right to Exercise his or her Option until 15 (fifteen) days prior to such transaction as to all of the Options covered thereby, including Equity Shares as to which the Option would not otherwise be exercisable. To the extent it has not been previously exercised, an Option will terminate immediately prior to the consummation of such proposed action.

## **15.3 Merger or Sale:**

15.3.1 In the event that an Employee who has been Granted Options under this scheme, is transferred pursuant to 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 that such treatment shall not be prejudicial to the interest of the Employee.

15.3.2 In the event of sale of any Subsidiary (in its entirety) of the Company, or sale of all or substantially all of the businesses (in totality) or undertakings (in totality) of a Subsidiary resulting in any Optionee ceasing to be an Employee of the Subsidiary, the NRC will have the powers to decide on acceleration of any unvested Options held by any Eligible Employee of such Subsidiary on a case to case basis.

## **16. AMENDMENT OR TERMINATION OF THE PLAN**

16.1 Subject to such approvals as may be required under and in accordance with Applicable Law, the NRC may terminate the Plan or amend, alter or vary the terms of the Plan and/or the terms

of the Options (including Grant Letters) already granted, but not yet exercised, under the Plan subject to the condition that such amendment, alteration, or variation as the case may be is not detrimental to the interest of the Optionees.

Provided further that the Board will not, without the approval of the shareholders by a special resolution, amend the Plan to increase the aggregate number of Equity Shares, which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options.

- 16.2 Without prejudice to the above, the Board of Directors, may, without any reference to or consent of the Eligible Employee concerned, amend the Plan, the terms of the Options (including Grant Letters) or Grant to comply with any Applicable Law, regulation or guideline, which is or may hereinafter, become applicable to this Plan.

## **17 EXIT ROUTE IN CASE OF DE-LISTING**

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

## **18. MISCELLANEOUS**

a. Government Regulations

This Scheme shall be subject to all Applicable Law, and approvals from government authorities. The Grant and the Allotment of Shares under this Scheme shall also be subject to the Company requiring Eligible Employees to comply with all Applicable Law.

b. 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.

c. Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Scheme by being granted an Option on any other occasion.

d. The rights granted to an Optionee upon the Grant of an Option shall not afford the Optionee 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 (whether or not such termination is ultimately held to be wrongful or unfair).

e. The Optionee 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.

f. General Risks

Participation in the Scheme shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the Equity Shares and the risks

associated with the investments is that of the Option Grantee alone.

## **19. STATUTORY APPROVALS**

- 19.1 The Plan shall be subject to approval by the shareholders of the Company by way of a special resolution and such other regulatory authorities, as may be applicable, from time to time.
- 19.2 The explanatory statement to the notice and the resolution proposed to be passed by shareholders for the Scheme shall include such information as required under Applicable Law.

## **20 LISTING**

- 20.1 The Company shall not Grant Options under the Scheme unless it obtains in-principle approval from the Stock Exchange(s) where it is listed.
- 20.2 The Company shall appoint a Merchant Banker for the implementation of the Scheme upto in-principle approval from the Stock Exchange(s) where it is listed.
- 20.3 Subject to in-principle approval of the Stock Exchange(s) being obtained in accordance with sub-clause 20.2 above, Equity Shares issued and allotted on Exercise of the Options under the Scheme shall be listed immediately in the Stock Exchange(s) where the Company's shares are listed.

## **21 CERTIFICATE FROM SECRETARIAL AUDITORS**

The NRC shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Scheme has been implemented in accordance with the SEBI SBEBS Regulations and in accordance with the resolution passed by the Shareholders of the Company.

## **22 ACCOUNTING POLICIES**

The Company will value the Options at fair value as prescribed under the 'Indian Accounting Standard (Ind AS) 102 Share-based Payment' or the relevant accounting standards as may be prescribed by the relevant authorities from time to time.

## **23. OTHERS**

### **23.1 No Right to any Option:**

Neither the adoption of the Plan nor any action of the Board of Directors or NRC shall be deemed to give an Eligible Employee any right to be granted any Option or to acquire Equity Shares or to any other rights, nor shall it create any right in any Eligible Employee to claim any new stock option as a matter of right.

### **23.2 No Employment Rights Conferred:**

Nothing contained herein or in any Option granted to an Eligible Employee shall:

- (i) give or confer upon such Eligible Employee any right for continuation of any employment with his employer; or
- (ii) Interfere in any way with the right of the employer to terminate the employment of such Eligible Employee at any time and for any reason whatsoever.

### **23.3 Surrender of Options:**

An Eligible Employee may surrender his Vested / unvested Options at any time during his /her employment with the Company / Subsidiary / Associate Company.

Any Eligible Employee willing to surrender his/her Options shall communicate the same to the Company. Thereafter the surrendered Options shall expire with effect from the date of surrender of Options and become available for future grant under the Scheme (unless the Scheme has been terminated).

### **24. BUYBACK**

The NRC has the powers to specify the procedure and other terms and conditions for buy-back of Options Granted, if the Company decides to undertake the buy-back of the Options Granted in compliance with Applicable Law.

### **25. TAX DEDUCTION AT SOURCE AND TAX RECOVERY:**

All Options granted under this Plan shall be subject to all applicable taxes, withholding tax and/ or any levy and/ or any contribution and/ or any sums due (by whatever name it is called) arising due to Optionee in this Plan/Scheme (in or outside India), if any, and the Company or Board or NRC, accordingly, may withhold / recover such taxes and/ or levy and/ or contribution and/ or payment in full unless NRC decides to withhold in part.

Notwithstanding anything contained in this Plan, if the Grant of the Option and/ or the Vesting of Option and/ or the Exercise of the Options and/ or Allotment of the Equity Shares or at any time while this Plan is in operation shall be subject to any levy and/ or taxes or contribution or payment (by whatever name called), if any, that is levied on or payable by the Company (in or outside India), then such taxes and/ or levy and/ or contribution and/ or payment shall be recovered in full, unless the NRC at its sole discretion decides to recover in part from the Optionee / Nominee.

Notwithstanding anything else contained in this Plan therein, no Equity Shares/ sale proceeds therefrom, as the case may be, shall be issued/ allotted/ transferred/ disbursed to the Optionee / Nominee, on Exercise of the Options under this Plan, unless appropriate levies/ taxes/ contributions/ payments as given in this Clause are recovered in full, unless the NRC at its sole discretion decides to recover only a part of the same from the Optionee or Nominee.

### **26. NO RESTRICTION OF CORPORATE ACTIONS**

**For Sundrop Brands Limited**



The existence of the Plan and the Grants made hereunder shall not in any way effect the right or the power of the Board of Directors or the shareholders or the Company to make or authorise any Change in Capital Structure; including any issue of shares, debt or other securities having any priority or preference with respect to the Equity Shares or the rights thereof.

Nothing contained in the Plan shall be construed to prevent the Company from taking any Corporate Action, which it deems appropriate or in its best interest.

## **27. CONFIDENTIALITY**

The Optionee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan. The Optionee shall not divulge the details of the Plan and his holdings to any person except with the prior permission of the NRC obtained in writing.

The Optionee agrees and undertakes to keep all aforementioned information confidential by using a reasonable degree of care, but not less than the degree of care used by it in safeguarding its own confidential information; and not disclose any information related to the Plan to any third parties.

Any violation of this confidentiality clause may result in cancellation of the offer without prejudice to the other action, which may be taken in this regard.

## **28. INSIDER TRADING**

The Optionee shall ensure that there is no violation of applicable regulations for the prevention of "insider trading" in shares and securities and for prevention of fraudulent and / or unfair trade practices relating to the securities market.

The NRC shall be entitled to frame such rules; regulations as may be necessary to ensure that there is no violation of the above referred regulations and / or practices.

The Optionee shall indemnify and keep indemnified the Company / Board / NRC in respect of any liability arising as a result or consequence of the violation of the above provisions by the Optionee.

## **29. NEW PLANS**

Nothing contained in the Plan shall be construed to prevent the Company directly or through any Trust formed by the Company, from implementing any other new plan for granting stock options and /or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any Grant made under the Plan. No Eligible Employee or other person shall have any claim against the Company as a result of such action.



### **30. RESTRICTION ON TRANSFER OF OPTIONS**

An Option shall not be transferable and shall be exercisable during the Exercise Period only by such Optionee or in case of death, by the Nominee of the deceased Optionee. An Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

### **31. PLAN SEVERABLE**

This Plan constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.

In the event that any term, condition or provision of this Plan being held to be a violation of any Applicable Law, statute or regulation the same shall be severable from the rest of this Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

### **32. RIGHTS AS A SHAREHOLDER**

The Optionee 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 Options granted, till Equity Shares underlying such Options are issued by the Company upon Exercise of such Options.

Nothing herein is intended to or shall give the Optionee 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 Equity Shares covered by the Grant unless the Optionee Exercises the Options and becomes a registered holder of the Equity Shares of the Company.

In case of any Corporate Action (for example, bonus issue, right issue, share split, buyback, merger, sale of divisions, etc.) the Optionee shall not be eligible for any right or status of any kind as a shareholder of the Company. However, the necessary adjustments to the number of Options or the Exercise Price or both would be made in accordance with sub-clause 7.2 (ix) & 15.1 of the Scheme.

### **33. NOTICES**

Any notice required to be given by an Optionee to the Company or any correspondence to be made between an Optionee and the Company may be given or made to the Company at the registered office of the Company in writing.

### **34. ARBITRATION**

All disputes arising out of or in connection with the Plan or the Grant shall be referred to for arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and shall include any statutory modifications, re-enactment or amendments thereof. The place of arbitration shall be Mumbai, India.

**For Sundrop Brands Limited**

  
**Company Secretary**

### 35. GOVERNING LAW

This Plan and all agreements /documents there under shall be governed by and construed in accordance with the Applicable Law in India.

For Sundrop Brands Limited

  
Company Secretary