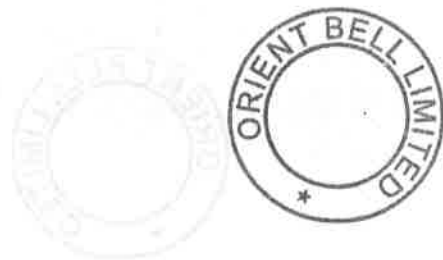

Orient Bell Employees Stock Option Scheme 2018

Approved by the Board on 13th March, 2018

Approved by the Shareholders on 16th April, 2018



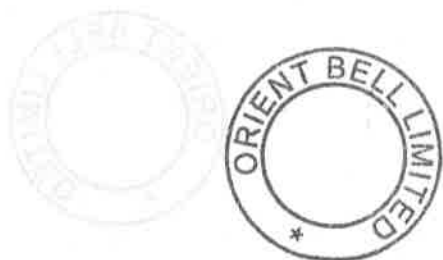
PART A: STATEMENT OF RISKS

An investment in Equity Shares / Options involves a high degree of risk. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making an investment in the Equity Shares.

If profitability and financial condition of the Company gets affected, the price of our Equity Shares / Options could decline and you may lose all or part of your investment in the Equity Shares / Options. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks.

ESOPs are subject to the following additional risks:

1. **Concentration:** The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single Company.
2. **Leverage:** Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a leveraged position in the share.
3. **Illiquidity:** The options cannot be transferred to anybody and therefore employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
4. **Vesting:** The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.
5. **Market Risk:** The employee can experience losses due to factors that affect the overall performance of the financial markets, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers, political turmoil, recessions, changes in interest rates and terrorist attacks.



PART B: INFORMATION ABOUT THE COMPANY

1. Business Profile of the Company

Orient Bell Limited was incorporated on May 18, 1977. It's CIN is L14101UP1977PLC021546 and is presently having its registered office at 8, Industrial Area, Sikandrabad – 203 205. Distt. – Bulandshahr, Uttar Pradesh.

Present Business Activities of the Company are as follows:

Orient Bell Limited is engaged in the business of manufacturing and trading of Ceramic Tiles having its plants at Sikandrabad (U.P.), Dora (Gujarāt) and Hoskote (Karnataka). OBL has nationwide sales network through its dealers, distributors and Project Customers.

Main Objects of the Company are as follows:

- A. To manufacture, produce, refine, treat, cure, process, prepare, import, export, purchase, sell, prospect for, take on lease, examine, explore, get win, work, quarry, smelt, calcine, raise, fabricate, design, assemble, crush, grind, dress, amalgamate, manipulate and prepare for market and generally deal in articles, goods, materials and things for industrial and other units, works, plants, factories and the under noted activities:
 - a) all kinds of ceramics, tiles, glass and glassware, insulators, asbestos, asbestos bricks, cement and cement bricks, gypsum, building materials, plastic and plastic ware, polymerites, vinyl, vinyl-asbestos and solid vinyl ware, adhesives vinyl cove base, fire bricks, fireclay, fire cement, terracotta, blocks, lime, limestone, fibre glass and fibre glassware, refractories, hospital ware including in particular but not limiting the generality of the foregoing wall tiles, floor tiles, roofing tiles, porcelain tiles, plastic and other synthetic tiles, earthenware tiles, vitreous sintered mosaic tiles, clinker tiles, refractory tiles, paving tiles, gres tiles, sanitary ware, crockery, pottery, tableware, hotel ware, decorative ware, garden ware, earthenware, stoneware, pressed ware, porcelain ware, bathroom accessories and products which may require for the manufacture and processing of above products and other products which may come out as by-products or which may be essential for fitting of fixing the above products.
 - b) all kinds of clays, minerals, ores, sands, metals, stones, artificial stones, colours, ceramic colours, fritts, glazes, pigments, chemicals opacifiers, oxides kieselguhr and polishing wax and all products, by-products and compounds thereof.
 - c) all kinds of kilns, equipments, plant, components, ancillaries, auxilliaris, accessories, laboratories, test house, ceramic machinery and other machinery and components and parts thereof for the manufacturing, processing etc. of the aforesaid products, by-products and allied products, including component parts thereof which may be required for the manufacture, examination, processing and storage of all or any of the products as mentioned above.
- B. To carry on the business of paviours, builders and contractors, decorators, hardware and other building materials and requisites, brick makers, job masters and to enter into contracts for laying, polishing and completing all sorts of floorings, walls and other jobs.



- C. To carry on the business of melters, founders, casters, galvanisers, electroplaters, aluminizers, japanners, smiths, burners, convertors, anodizer, platers, makers, smelters, refiners, stampers, forgers, rollers, machinists, turners, moulders, enamellers, stovers, welders, hardners, drawers, vulcanizers, annealers, assayers, die and pattern makers, blowers, fabricators, pressers, metallugists, spinners, filters, punchers and carpenters.
- D. To generate harness, develop, accumulate and distribute electric power by utilising wind energy and for that purpose to establish wind mills and also to generate power by setting up power plants, like Hydro Power, Mini Hydel Power, Micro Hydel Power, Thermal Power, Diesel Power, Multi Fuel Based Power Plants and also to generate electric power by utilising Solar Tidal, wind energy and other sources of energy for supply and distribution either directly or through State Electricity board or otherwise to consumers of electricity on a commercial basis or for the company's captive use and to establish/construct and maintain Power Stations to generate, accumulate, supply and distribution of electricity.
- E. To purchase, take on lease or Hire Purchase or otherwise acquire, sell, assign grant lease, sub lease or transfer, develop, promote any plant and machinery, equipment, vehicles, Wind Mill, Power Stations, buildings and real estate and to finance the industrial enterprises by way of lending and advancing money, machinery, land, building, shed or such other things as may be required by such industrial enterprises either with or without security and upon such terms and conditions as the company may think fit.

2. Abridged Financial Information

The financial information of the Company including Balance Sheet, Profit and Loss Statement and Auditors report for the last 5 (Five) years will be provided along with the Grant Letters to be given to the Employees at the time of grant of options to the Employee. The same is also available at the website of the Company.

3. Risk Factors for the Company

The Management of the Company has a perception that the following risks or Uncertainties may occur during the course of business such as:

a. **Industry Specific Risks:**

Change in government regulations or their implementation could disrupt the operations and adversely affect the business and results of the company, due to which company may incur increased cost and penalties.

b. **Dynamic scenario:**

Change in technology may render our current technology obsolete and require us to make substantial investment which could affect the company finance and operation.



c. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects:

We are incorporated in India and most of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

The Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Since 1991, successive Governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. Any political instability could affect the rate of economic liberalisation, specific laws and policies affecting foreign investment, the Power industry or investment in our Equity Shares. A significant change in the Government's policies, in particular, those relating to our field, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of our Equity Shares to decline.

d. Risk arising from changes in interest rates and banking policies:

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements. We are dependent on various banks for arranging of our working capital requirement etc. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on profitability of our company.

The above risks and uncertainties include but are not limited to risks and uncertainties regarding dependencies on few customers and suppliers, changes in the regulatory framework, adverse development in the any of the customer industries to whom substantial part of the product is given, downgrading of our credit worthiness, political instability, legal restrictions and general economic conditions affecting our industry.

4. Continuing Disclosure Requirement:

The Grantee would be entitled to receive copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the Company as well as notices of the meetings and the accompanying explanatory statements. However, the Grantee will not be entitled to attend and vote in the meeting or receive any dividend in respect of unexercised options.



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PART C: SALIENT FEATURES OF THE SCHEME

1. Introduction of the Scheme:

This scheme shall be called the “Orient Bell Employees Stock Option Scheme 2018” hereinafter referred as “the scheme”.

The Scheme was prepared and the same was approved by the Board of Directors of the Company on 13th March, 2018 subject to approval of the shareholders. The scheme will be effective from 16th April, 2018 being the date of shareholders’ approval.

The Scheme has been formulated keeping in mind the objectives of attracting key employees of the Company and inducing key employees to continue with the Company and encourage them to increase their efforts to make the Company’s business more successful. In furtherance thereof, this Stock Option Scheme is designed to provide equity-based incentives to key employees of the Company.

2. Purpose of the Scheme:

The Purpose of the Scheme includes the followings:

- a) To motivate the employees to contribute to the growth and profitability of the Company.
- b) To retain the key employees and reduce the attrition rate of the Company.
- c) To provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company.
- d) To achieve sustained growth and the creation of shareholder value by aligning the interests of the employees with the long term interests of the Company.
- e) To create a sense of ownership and participation amongst the employees to share the value they create for the Company in the years to come, and
- f) To provide additional deferred rewards to employees.

3. Definitions:

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



3.1 “**Applicable Law**” includes every law relating to Employee Stock Options in force, including, without limitation to, Companies Act, 2013, Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India or any relevant jurisdiction. The Applicable Law includes any provision of the applicable law, rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant applicable law from time to time.

3.2 “**Board**” means the Board of Directors of the Company and includes any Committee(s) consisting of one or more members of the Board and/ or one or more officials of the Company which the Board may constitute to exercise powers of the Board.

3.3 “**Committee**” means the Compensation Committee of the Board constituted as per Section 178 of Companies Act, 2013 for the purpose of this scheme inter-alia for administration and superintendence of this scheme.

3.4 “**Company**” means Orient Bell Limited, a Company limited by shares, incorporated and registered under the Companies Act, 1956 and presently having its registered office at 8, Industrial Area, Sikandrabad – 203 205. Distt. – Bulandshahr, Uttar Pradesh.

3.5 “**Corporate action**” means a change in the capital structure of the Company as a result of re-classification of Shares, sub-division of Shares, consolidation, 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 Shares, issue of shares on rights basis and any other form of equity share issuance.

3.6 “**Employee**” means-

- I. A permanent employee of the Company who has been working in India or outside India who-
 - a. falls under Company’s Employment Grade E-8 and above; or
 - b. is a Key Managerial Personnel (KMP) as defined under the Companies Act, 2013; or
- II. A director of the Company, whether a whole time director or not but excluding an independent director;



But does not include:

- I. An employee or Director who is a promoter or a person belonging to the promoter group; or
- II. A director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

Explanation- The Company's Employment Grade E-8 and above includes the designations as under-

- *Employees under Grade E-8 & E-9 includes Vice President, Associate Vice President, Head – Marketing, General Manager;*
- *Employees under Grade E-10 includes President;*
- *Employees under Grade E-11 includes Chief Operations Officer;*
- *Grade E-12 includes Non-Independent Directors and Chief Executive Officer.*

The list of designations mentioned against each above category is not exhaustive and may include any other designation falling under Grade E-8 to E-12 from time to time.

The Board may include an employee falling under different grade(s) based upon such other parameters at its discretion from time to time.

- 3.7 “**Eligibility Criteria**” means the criteria, as may be determined from time to time by the Committee based on appraisal process as per the Human Resource Policy of the Company including loyalty, performance, designation, employment terms etc. of an Employee in the Company.
- 3.8 “**Exercise**” means making of an application by the employee to the Company for issuance of Shares against the Vested Options in the employee/ Beneficiary in pursuance to this Scheme on payment of the exercise Price.
- 3.9 “**Exercise date**” means the date on which the employee exercises his Vested Options and in case of partial exercise shall mean each date on which the employee/ Beneficiary exercises part of his Vested Options.
- 3.10 “**Exercise Period**” means the time period after vesting within which an employee



should exercise his right to apply for shares against the vested option in pursuance of the Scheme.

- 3.11 “**Exercise Price**” means the price payable by the Grantee for exercising the options granted to him and vested in him in pursuance to the Scheme. Under this Scheme, the Exercise Price will be informed to the Grantee, by the Committee, through grant letter.
- 3.12 “**Grant**” means the process by which the Company issues options to the grantee.
- 3.13 “**Grant Date**” means the date of meeting of the Committee on which the Options are granted to an employee by the Committee under the Scheme.
- 3.14 “**Grant Letter**” means the letter by which Grant of Options is communicated to the Grantee.
- 3.15 “**Grantee**” shall mean an eligible employee at the time of Grant of the Option to be eligible to participate under the Scheme.
- 3.16 “**Market price**” means the latest available closing price on a recognized stock exchange on which the shares of the Company are listed on the date immediately prior to the date of meeting of committee on which grant is to be made.

Explanation - Since the Company’s shares are listed on more than one stock exchange, the closing price on the stock exchange having higher trading volume shall be considered as the market price.

- 3.17 “**Option**” means a right, but not an obligation to purchase or subscribe at a future date, the shares offered by the Company, directly or indirectly, at a pre- determined price, in accordance with this Scheme.
- 3.18 “**Scheme**” shall mean the Orient Bell Employees Stock Option Scheme 2018 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.
- 3.19 “**SEBI Regulations**” means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 3.20 “**Share**” means an equity share of the Company.
- 3.21 “**Termination Date**” means the date of termination of employment of the employee with the Company.



- 3.22 “**Unvested Option**” means an Option, which is not vested.
- 3.23 “**Vesting**” means the process by which the employee becomes entitled to receive the benefit of a grant made to him under the Scheme.
- 3.24 “**Vesting period**” means the period during which the Vesting of the Options Granted to the employee in pursuance of the scheme takes place.
- 3.25 “**Vested Option**” means an Option, which has vested in pursuance to Article 10 hereof with the Employee/Beneficiary and has thereby become exercisable.
- 3.26 “**Vesting Date**” means the date on and from which the Option vests with the employee/Beneficiary and there by becomes exercisable.

Interpretation:

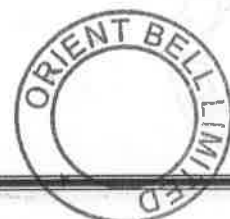
In this document, unless the contrary intention appears:

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

4. Implementation & Administration:

The Company proposes to implement the scheme through Direct Route for extending benefits to employees by way of fresh allotment and will follow cash mechanism.

Subject to applicable Laws, and the Board policy and the framework laid down by the Board of Directors, the Scheme shall be administered by the “Committee”, which may delegate its duties and powers in whole or in part as it may decide from time to time.



The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.

5. Compensation Committee:

The Compensation Committee of the Company means the Committee as defined in Article 3.3 above for effective administration of the Scheme. This Committee for all purposes under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 SEBI Regulations will be considered as Compensation Committee.

The Compensation committee as already constituted by the Board of Directors includes the following Directors:

- Mr. P.M. Mathai, Independent Director
- Mr. Mahendra K. Daga, Non-Independent Director
- Mr. R.N. Bansal, Independent Director
- Mr. Sameer Kamboj, Independent Director

and shall consist of such number of persons, as the Board may deem fit from time to time, to be appointed from amongst the Directors.

The Committee shall be entitled to invite any person to attend its meetings and participate in the discussions and deliberations, if it may so deem fit. The Committee, in exercise of its powers, may require any information from the management of the Company, and/or seek the assistance of any employee of the Company as it may deem fit, to fully and effectively discharge its duties.

Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or employee and their beneficiaries or successors).

The Committee shall, inter alia, have powers to do following:

- i. Identify employees eligible to participate in the Scheme.
- ii. Grant Options to the eligible employee and determine the Grant date.



- iii. Determine the number of Options to be granted to each Grantee and in aggregate subject to the maximum number of options as specified under **Article 6** of the Scheme.
- iv. Decide the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- v. Accelerate the vesting of options on a case to case basis, as the Committee deems fit, subject to completion of minimum 1 year from the date of grant of options.
- vi. Decide upon the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
- vii. The Vesting and Exercise of option in case of employees who are on long leave i.e. who are on leave of more than 3 months.
- viii. The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration by the Committee-
 - the number and price of options shall be adjusted in a manner such that total value to the employee of the options remains almost the same after the corporate action;
 - the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such options;
- ix. Determine the method for exercising the Vested Options, period of Exercise, etc.
- x. Determine the Exercise price of the Options Granted.
- xi. Re-pricing of the options which are not exercised, whether or not they have been vested, if Employee Stock Options rendered unattractive due to fall in the price of the shares in the market.
- xii. Determine the terms and conditions, not inconsistent with the terms of the Scheme, of any Option granted hereunder.



- xiii. Approve letters and other documents, if any, required to be issued under the Scheme.
- xiv. Transferability of employee stock options.
- xv. Decide all other matters that must be determined in connection with an Option under the Scheme in accordance with SEBI Regulations.
- xvi. Construe and interpret the terms of the Scheme, and the Options Granted pursuant to the Scheme.
- xvii. Frame such policies and procedures to ensure that there should be no violation of:
 - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 2003.

The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board may further provide that the Committee shall exercise certain powers only after consultation with the Board and in such case, the said powers shall be exercised accordingly.

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

6. Share Pool of the Scheme:

The maximum number of options that may be issued pursuant to this Scheme is 2,00,000 (Two Lakhs) options to be convertible into equal number of Equity shares of the Company.

If any Option granted under the Scheme lapses or forfeited or surrendered under any provision of the Scheme, such Option shall be available for further grant under the Scheme as per the discretion of the Committee.

Further, the maximum number of options that can be granted and the shares arise upon exercise of these options shall stand adjusted in case of bonus shares, Consolidation, Split and Reorganisation of capital structure.



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

7. Appraisal and Eligibility of an Employee:

The Committee shall on the basis of all or any one or more of the following criteria, including but not limited to, decide on the Employees who are eligible for the grant / vesting of Options under the Scheme and the terms and conditions thereof.

- i. Loyalty: It will be determined on the basis of tenure of employment of an Employee in the Company.
- ii. Performance: Employee's performance during the financial year on the basis of the parameters decided by the management.
- iii. Designation: All Key Managerial Personnel (KMPs) as defined under Companies Act, 2013 and the Employees falling under grade E-8 and above as per the HR Policy of the Company.
- iv. The present and potential contribution of the Employee to the success of the Company,
 - v. High market value/difficulty in replacing the Employee,
 - vi. High risk of losing the Employee to competition,
 - vii. Value addition by the new entrant, if any, and
 - viii. Employment Terms.

New Joinees can also participate in the Scheme based upon the discretion of the Committee.

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

8. Grant of Options:

The Committee, in accordance with the terms and conditions of the Scheme for the time being in force and subject to Employee's employment terms or his continuity in the employment, his performance, designation, hierarchy and other parameters as set out by the Committee grant options to one or more employees. No amount shall be payable by an employee at the time of grant of Options.



The maximum number of Options that can be granted to any eligible Employee during any one-year shall not be equal to or exceed 1% of the issued capital of the Company at the time of grant of Options. The Board may decide to grant such number of options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the shareholders in a general meeting.

Each Option granted shall be advised to the Grantee in writing, specifying the vesting date, number of Options granted, the Exercise Price, the Vesting schedule of the Option, the earliest date on which the Options under the grant shall be eligible for Vesting, and other terms and conditions thereof.

Unless agreed otherwise between the Company and any employee and subject to the Corporate Action(s) taken by the Company, if any, the grant of 1 (One) Option to an employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Equity Share in the Company upon payment of Exercise Price.

The option granted to the employees shall not be transferable to any other person.

The option granted to the employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

9. Method of Acceptance:

Any Grantee who wishes to accept the Grant made pursuant to **Article 8** hereof, must deliver a signed copy of Grant Letter to the Committee or any of its authorized representatives within 15 days from the date of receipt of the grant letter.

Any such Grantee who fails to return the signed copy of grant letter within the above mentioned time shall, unless the Committee determines otherwise, be deemed to have rejected the Grant.

If acceptance from the Employee is not received within aforesaid period, it shall be treated as rejection of offer and the Company is not liable to pay any amount on such rejection.

Any Accepted grant letter received after the period stated above shall not be valid.

Subject to the terms contained herein, the acceptance in accordance with this Article, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.



10. Vesting of Options:

Vesting period shall commence after 1 (One) year from the date of grant of Options and it may extend up to 5 (Five) years from the date of grant in the manner prescribed by the Committee.

The vesting of options can be either half yearly or yearly, which will vary from employee to employee as may be decided by the Committee. The vesting schedule of the grantee will be clearly defined in their grant letter.

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

11. Exercise of Options:

The vested Options shall be exercisable either wholly or in part, according to the terms and conditions as determined and mentioned under the Scheme during the exercise period.

After vesting, the options can be exercised through cash route under which the Grantee will receive the shares equivalent to the number of the Options exercised in accordance with the terms and conditions of the Scheme after he has made the payment of the exercise price and the applicable taxes.

Under the Scheme, the Exercise period for the vested options will be 3 (Three) years from the date of respective vesting.

Failure to comply within this time period, after accepting the same, shall result in lapsing of vested options in the hands of employee.

The Grantee, for issuance and allotment of shares pursuant to the vested options, may, at any time during the Exercise Period and subject to fulfilment of the conditions on which the Options have been granted, exercise the vested Options by submitting an application along with the Exercise Price and the applicable taxes.

Company will allot shares to the employees upon valid exercise of options by them.

An employee can exercise the vested Options subject to the adherence of Insider Trading Code of Conduct of the Company.



12. Lock in Requirements and Exit Opportunity to Employees:

The Shares allotted to the employees pursuant to exercise of Options will not be subject to any lock-in period and can be freely sold by an employee.

13. Exercise Price:

Under this Scheme, the Exercise price of the Shares will be based on the Market Price of the Shares one day before the date of the meeting of the Committee wherein the grants of options will be approved.

Since the shares of the Company are listed on more than one Stock Exchange, the price of the Stock Exchange where there is highest trading volume shall be considered as the market price.

The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the Exercise price shall not go below the par value of Equity Share of the Company which is Rs. 10/- per share.

Further, Committee has the power to re-price the grants in future if the Grant made under the Scheme is rendered unattractive due to the fall in the price of Shares in the Stock Market, after complying the conditions as mentioned in the SEBI Regulations.

The aggregate Exercise Price payable at the time of Exercise shall be paid by a cheque or demand draft drawn in the name of the Company i.e. Orient Bell Limited.

14. Cessation of Employment

Subject to the employment terms of an Employee, the following terms shall be applicable:

14.1 In the event of Resignation

- a) All Unvested Options, on the date of exit, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
- b) All Vested Options as on that date shall be exercisable by the employee before his last working day in the organisation or before expiry of exercise period, whichever is earlier. The vested options not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.



14.2 In the event of cessation of employment due to Death

All Options granted to him as on date of death would vest in his legal heirs / nominee on that day. The Options would be exercisable by the legal heirs / nominee within a period of 3 (Three) months from the date of death failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

All other terms and conditions of the Scheme shall apply to such Options. Provided that, in order to exercise the options of the deceased Employee, his legal heirs / nominee have to submit following documents to the Company.

A. In case nominee is not appointed

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

B. In case nominee is appointed

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

14.3 In the event of Permanent Disability of an Employee

All Options granted to him as on date of Permanent Disability would vest in him on that day. The Options would be exercisable within a period of 3 (Three) months from the date of Permanent Disability, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.



14.4 In the event of separation from employment due to Retirement/ Superannuation

- a) All Vested Options can be Exercised within a period of 12 (Twelve) months from the date of Retirement / Superannuation or expiry of exercise period whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.
- b) All Unvested Options will get lapsed.

14.5 In the event of Termination of the Employment

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

14.6 In the event that an employee who has been granted benefits under this Scheme is **transferred or deputed to an associate company** prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.

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

14.8 In the event where arises a **Dispute between Employee and the Company**, exercise will be put on hold till the date of settlement.

14.9 The Compensation Committee may, in the interest of an employee, modify the terms for cessation of employment as mentioned in foregoing paras 14.1 to 14.8.

15. Terms and Conditions of Shares:

Nothing herein is intended to or shall give the Grantee, any right to status of any kind as a shareholder of the Company in respect of any share covered by the grant unless the Grantee exercises the options and becomes the registered shareholder of the Company.



The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

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

16. Notices and correspondence:

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

Any notice, required to be given by the Company or the Committee to an Employee or any correspondence to be made between the Company or the Committee and an employee shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the employee while accepting the option granted to him or at the official email Id of the employee.

17. Nomination of Beneficiary:

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

18. Corporate Action:

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

18.2 If there is a 'Corporate Action' of the Company before the Options granted under this Scheme are exercised, the Employee shall be entitled on Exercise of the



Options, to such number of Resultant Shares to which he would have been entitled as if all of the then outstanding Options exercised by him, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a Bonus Issue, subdivision or consolidation of capital, the Committee, subject to the provisions of applicable laws to the Stock options, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of options, exercise price, distribution of sums and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the options shall be left unaltered as far as possible.

18.3 In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined by the Committee at that time.

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

18.5 In the event of a reverse merger, the treatment of vested as well as unvested options will be decided by the Committee, whose decision shall be final and binding.

18.6 In the event of demerger of the Company, the respective Committees of the Resulting & the De-merged Company will take the decision regarding the time period for the exercise of the vested options and the treatment of unvested options.

19. Recovery of applicable taxes:

- a. All Options granted/ shares allotted under the Scheme shall be subject to all applicable taxes, if any, and the Company may recover such taxes accordingly from the Employee.
- b. An employee beneficiary shall pay all tax and discharge all other liabilities to which he may become subject to as are result of his participation in this Scheme or exercise of options.

20. Disclosure and Accounting Policies:

The Company shall comply with the requirements of IND-AS and shall use Fair value method and the fair value of options would be calculated as per the prescribed method under the applicable regulations.



Compensation cost will be booked in the books of account of the Company over the vesting period. Compensation cost will be equivalent to the fair value of the Options as on grant date.

21. Taxability on the Employee:

The exercisable options are subject to the applicable provisions of the Income Tax Act, 1961.

There would be a double point of Taxation on the Employee.

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

Eg: Exercise Price= Rs. 25 per option / Market Price of share on exercise = Rs. 100 per shares / Perquisite = Rs.100 – Rs.25 = Rs.75/- per share

Suppose employee falls in 30% slab, his perquisite tax will be Rs.23/-

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

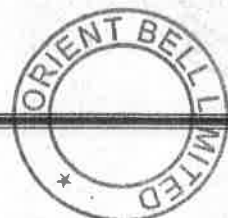
- **Point 2:-** At the time of sale of the shares of the company by the employee, through stock exchange. Employee has to pay STCG/LTCG at the time of sale as the case may be.

22. Surrender of Options:

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

23. Arbitration:

In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The



attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

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

24. Governing Law:

This Scheme and all related documents thereunder shall be governed by and construed in accordance with the Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014 and other Applicable laws of India.

The employee agrees and acknowledges that the Employee has received and read a copy of the Scheme. The Options are subject to the Scheme. Any term of the Scheme that is contrary to the requirement of the SEBI Guidelines or any other Applicable Law or other Indian Regulations shall not apply to the extent it is contrary.

The Courts at New Delhi shall have exclusive jurisdiction on any matter arising out of this Scheme.

25. Regulatory Approvals:

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



26. Modification of Scheme:

26.1 Subject to the approval of shareholders, the Committee may, at any time:

- Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the employee;
- Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Employee/Beneficiary or class or category of employees. Each of such sets of special terms and conditions shall be restricted in its application to those specific employee/beneficiary or class or category of such employees.

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

27. Term of the Scheme:

27.1 Except as provided elsewhere specifically, the Scheme shall continue in effect unless terminated by the Board or the Committee or until all options available to be granted under the Scheme are fully exercised.

27.2 Any such termination of the Scheme shall not affect Options already granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Employee/ Beneficiary and the Committee/the Company.

28. Forbidden to Exercise by any Law:

If the Exercise of Options within the Exercise Period is prevented by any law or regulation in force and the employee is forbidden to exercise the Options under such law or regulation, then in such an event the Company shall not be liable to compensate the employee in any manner.

29. Confidentiality:

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



For and on behalf of Board of Directors

For Orient Bell Limited

**Madhur Daga
Managing Director**



**Place:- New Delhi
Date:- 13th March, 2018**