

**S P Apparels Limited
("SPAL")
SPAL Employee Stock Option Plan 2024**

SPAL EMPLOYEE STOCK OPTION PLAN 2024

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1 Name of the Plan

This Plan shall be termed as Employee Stock Option Plan 2024 (“Plan or ESOP 2024”). The Plan has been approved by a special resolution¹ passed on _____ (date) at the General Meeting of the Company. The Plan shall be effective from _____ (date) herein after referred to as the “Effective Date”.

The approval of shareholders by way of a special resolution passed on _____ (date) has been obtained by the Company in order to grant Options to Employees of SPAL and employees of the Subsidiary Companies².

This document sets out the terms and conditions of the Plan.

2 Purpose of the Plan

S P Apparels Limited (“Company” or “SPAL”), a company incorporated under the Companies Act, 1956/ Companies Act, 2013 and having its registered office at 39-A, Extension Street, Kaikattipudur, Avinash, Tiruppur – 641654, Tamil Nadu, India has structured this Plan for its Employees and employees of its subsidiary companies.

The objectives of this Plan are as under:

- a) Rewarding for the employee’s past performance and contribution to the company
- b) Retention of employees; and
- c) Attain individual performance targets and drive performance of the company.

Further, the Plan will be implemented, for and on behalf of and at the request of the Indian Subsidiary Companies³ (as defined under the Companies Act, 1956/ Companies Act, 2013) of SPAL, for the employees of the Subsidiary Companies of SPAL.

These objectives / purposes are sought to be achieved through the Grant of Options to the Employees of SPAL and employees of its Subsidiary Companies situated in India.

3 Definitions

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

- 3.1 “Abandonment” means discontinuation of employment by a Grantee without giving notice or without serving the notice period;
- 3.2 “Acceptance Form” shall mean the form that the Grantee has to submit indicating his/her

¹ To comply with Section 54 read with Section 62(1)(b) of the Companies Act 2013 read with Regulation 6 (1) of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI Regulations, 2021”)

² To comply with Regulation 6(3)(c) of the SEBI Regulations, 2021

³ In accordance with Regulation 6(3)(c) of the SEBI Regulations, 2021



acceptance of the offer made to him/her to participate in the Plan and/ or any Notified Scheme(s) under the Plan within the prescribed time limit specified in the respective Scheme(s);

- 3.3 “Applicable Laws” shall mean laws of India to the extent applicable and as amended, modified and substituted from time to time. Accordingly, any actions taken hereunder shall be governed by and construed in accordance with the laws of India, without regard to the application of the conflicts of laws’ provisions thereof;
- 3.4 “Associate Company” shall have the same meaning as defined under section 2(6) of the Companies Act, 2013;
- 3.5 “Beneficiary” or “Nominee” means the person or persons, designated by the Participant, or in the absence of any designation by the Participant, a person or persons who is/are entitled by the will or probate of the Participant, the legal heirs⁴ of the Participant, if the Participant dies intestate and includes the Participant's executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof;
- 3.6 “Board”⁵ means the Board of Directors of the Company;
- 3.7 “Cause” in relation to an employee shall include the following: (a) willful insubordination / disobedience; (b) fraudulent or dishonest conduct, material breach of integrity, embezzlement, or improper benefit as a result of a breach of any covenant or agreement (c) sexual harassment (d) prolonged absence from employment for a period of 21 (twenty one) consecutive business days without prior consent or general irregularity in attendance from time to time without sufficient cause; (e) insolvency of Employee or his conviction for any offence involving moral turpitude, or conviction of a crime, or plea of guilty or no contest thereto in connection with any financial, business or commercial enterprise or transaction; (f) breach by him of any term of this Agreement or other documents or directions of the Company, or the taking of or omission to take any action that has caused or substantially contributed to a material deterioration in the business or reputation of the Company or any of its Affiliates, or that was otherwise materially disruptive of their business or affairs; (g) failure to devote sufficient time to the business of the Company as required herein without prior consent of the Company or without sufficient cause; or (h) the taking of any action or the omission to take any action, if Employee knew, or should have known, that such conduct would be detrimental to the operation of the business of the Company in a professional and efficient manner (provided, however, that such conduct shall not include for this purpose any mistake of judgment made in good faith with respect to any transaction implemented as Employee of the Company)⁶
- 3.8 “Closing Date” means the last date on which the offer of Options by the Company to a

⁴ Provided that such legal heir of such Option Grantee produces before the Board all such documents as may be required by the Company to prove the succession to the assets of the deceased Option Grantee.

⁵ In accordance with Section 2(10) of the Companies Act, 2013

⁶ In line with Employment Agreement with the employee.



Grantee can be accepted. In case the last date is a non-working day, then it shall be the immediately following working day;

- 3.9 “Company” shall mean SPAL, a company incorporated and registered under the Companies Act, 1956 / Companies Act, 2013;
- 3.10 “Committee or Nomination and Remuneration Committee” means the Committee constituted by the Company as per the provisions of Section 178 of the Act and Regulation 19 of the SEBI (Listing Obligations and Disclosures Requirement) Regulations, 2015 and authorized by the Board for administration and superintendence of the Scheme;
- 3.11 “Corporate Action” includes rights issues, bonus issues, stock splits, consolidation of shares, merger, demerger, transfer of undertaking, sale of division or other capital re-organization which may result in any change in the capital structure of the Company, announced by the Company prior to the Exercise Period pertaining to the relevant Options;
- 3.12 “Director”⁷ means a director as appointed and regarded as a Director to the Board of a Company;
- 3.13 “Eligible Employee” for the purpose of this Plan means the identified Employee(s) as per Clause 5 below;
- 3.14 “Employee”⁸ means
- a) an employee as designated by the company, who is exclusively working in India or outside India; or
 - b) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director⁹ or
 - c) an employee as defined in clauses (a) or (b) of a group company including subsidiary or its associate company, in India or outside India;

but does not include-

- (i) an employee who is a promoter or a person belonging to the promoter group; or
 - (ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;
- 3.15 “Exercise” means making of an application by the Participant to the Company for issue of shares against Vested Options in pursuance of the Plan and Notified Scheme(s) on payment of Exercise Price;
- 3.16 “Exercise Date” means the date on which the Participant exercises his Vested Options and in case of partial Exercise, shall mean each date on which the Participant exercises part of his Vested Options;

⁷ In accordance with Clause 2(34) of the Companies Act, 2013

⁸ In accordance with Regulation 2(1)(i) of the SEBI Regulations, 2021

⁹ In accordance with Section 149(9) of the Companies Act, 2013 and Section 197(7) of the Companies Act, 2013



- 3.17 “Exercise Period” means the time period after Vesting within which the Participant should Exercise his right to apply for Shares against the Vested Options in pursuance of the Plan and Notified Scheme(s);
- 3.18 “Exercise Price” means the price, if any, payable by the Employee for exercising the Vested Option granted to him in pursuance of the Plan and the Notified Scheme(s);
- 3.19 “General Meeting” means a General Meeting (including an Extraordinary General Meeting) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;
- 3.20 “Good Leaver” shall have meaning as defined in the Code of Conduct / HR Policy of the Company;
- 3.21 “Grant” means the process by which the Committee issues Options under any of the Notified Scheme(s) of the Plan;
- 3.22 “Grant Date” means the date on which the Committee approves the grant;
- 3.23 “Grant Letter” means the letter by which Grant of an Option is communicated to the Grantee;
- 3.24 “Grantee” shall mean an Eligible Employee pursuant to Clause 5 below, who at the time of Grant of the Option is eligible to participate under the Plan;
- 3.25 “Group” means two or more companies which, directly or indirectly, are in a position to-
- exercise twenty-six per cent or more of the voting rights in the other company; or
 - appoint more than fifty per cent of the members of the board of directors in the other company; or
 - control the management or affairs of the other company;
- 3.26 “Holding Company”¹⁰ shall have the meaning as defined under the Companies Act, 2013;
- 3.27 “Independent Director”¹¹ shall have the meaning as defined under the Companies Act, 2013;
- 3.28 “Option” means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company/, directly or indirectly, at a pre-determined price;
- 3.29 “Participant” means a Grantee who accepts the Grant from the Committee to participate in this Plan pursuant to Clause 8 below.

¹⁰ In accordance with Section 2(46) of the Companies Act, 2013

¹¹ In accordance with Section 2(47) of the Companies Act, 2013



- 3.30 “Permanent Disability”¹² means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was otherwise capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Committee;
- 3.31 “Plan” shall mean the SPAL Employee Stock Option Plan 2024 under which the Company grants the Options to the Grantees, and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time. Further, the Plan shall also include Scheme(s) notified as per Clause 3.38 below;
- 3.32 “Promoter” shall include a person:
- (i) who has been named as such in a draft offer document or offer document or is identified by the issuer in the annual return referred to in section 92 of the Companies Act, 2013; or
 - (ii) who has control over affairs of the issuer, directly or indirectly whether as a shareholder, director or otherwise; or
 - (iii) in accordance with whose advice, directions or instructions the board of directors of the issuer is accustomed to act

Provided that nothing in sub-clause (iii) shall apply to a person who is acting merely in a professional capacity.

Provided further that a financial institution, scheduled commercial bank, [foreign portfolio investor other than individuals, corporate bodies and family offices]⁶, mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter merely by virtue of the fact that twenty per cent. or more of the equity share capital of the issuer is held by such person unless such person satisfies other requirements prescribed under these regulations

- 3.33 “Promoter Group” includes:
- (i) The promoter
 - (ii) An immediate relative of the promoter (i.e. any spouse of that person, or any parent, brother, sister or child of the person or of the spouse); and
 - (iii) In case promoter is a body corporate:
 - A. A subsidiary or holding company of such body corporate
 - B. Any body corporate in which the promoter holds twenty per cent. or more of the equity share capital; and/or any body corporate which holds twenty per cent. or more of the equity share capital of the promoter
 - (iv) in case the promoter is an individual:

¹² To be aligned with the Company’s HR Policy



- A. any body corporate in which twenty per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member;
 - B. any body corporate in which a body corporate as provided in (A) above holds twenty per cent. or more, of the equity share capital; and
 - C. any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. of the total capital;
- (v) All persons whose shareholding is aggregated under the heading "shareholding of the promoter group":

Provided that a financial institution, scheduled bank, [foreign portfolio investor other than individuals, corporate bodies and family offices], mutual fund, venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be promoter group merely by virtue of the fact that twenty per cent. or more of the equity share capital of the promoter is held by such person or entity:

Provided further that such financial institution, scheduled bank, [foreign portfolio investor other than individuals, corporate bodies and family offices], mutual fund, venture capital fund, alternative investment fund and foreign venture capital investor insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them

- 3.34 "Recognized Stock Exchange"¹³ means a stock exchange which is for the time being recognised by the Central Government under Section 4 as per the Section 2(f) of Securities Contracts (Regulation) Act, 1956;
- 3.35 "Relative"¹⁴ means relative as defined under the Companies Act, 2013;
- 3.36 "Retirement" means retirement as per the HR policy of the Company;
- 3.37 "SEBI Regulations" refers to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014, Securities and Exchange Board of India (share based employee benefits) Regulations, 2021 and related SEBI regulations issued by the Securities and Exchange Board of India ('SEBI') under the SEBI Act, 1992 as amended from time to time;
- 3.38 "Schemes or Notified Scheme" means a scheme(s) of the Company including any amendments thereof notified as per Clause 4 below proposing to provide share-based benefits to its Employees, which may be implemented and administered directly or

¹³ In accordance with Clause 2(73) of the Companies Act 2013

¹⁴ In accordance with Section 2(77) of the Companies Act, 2013



indirectly by such Company, or through a Committee in accordance with the Plan;

- 3.39 “Share”¹⁵ means an equity share of the Company of face value of Rs 10 each or any other value which the Committee may decide during the existence of this Plan;
- 3.40 “Shareholder” means the registered holder of a Share in the share capital of the Company;
- 3.41 “Subsidiary Company”¹⁶ shall have the meaning as defined under the Companies Act 2013;
- 3.42 “Termination Date” means the date of termination of employment of the plan participant;
- 3.43 “Unvested Option” means an Option, which is not a Vested Option but does not include Options which are unexercised on the expiration of the Vesting Period, or have been forfeited or have lapsed or been cancelled;
- 3.44 “Vested Option” means an Option, which has Vested in pursuance of Clause 10 below with the Participant and has thereby become exercisable;
- 3.45 “Vesting” means the process by which the Participant is entitled to receive the Shares against the Option granted to him in pursuance of Clause 8 below;
- 3.46 “Vesting Date” means the respective dates on and from which the Option Vests with the Participant and thereby becomes exercisable under the Notified Scheme(s);
- 3.47 “Vesting Period” means the period during which the vesting of Option granted under any of the Scheme(s) takes place;
- 3.48 “Construction”
- a) Clause reference is to the clauses of this Plan.
 - b) The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the clauses, which shall be interpreted solely in light of the contents thereof.
 - c) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
 - d) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
 - e) The term 'including' shall mean 'including without limitation', unless otherwise specified.
 - f) Reference to any Act, Rules, Statute or Notification shall include any statutory

¹⁵ In accordance with Section 2(84) of the Companies Act, 2013 and Regulation 2(1)(pp) of the SEBI Regulations, 2021

¹⁶ In accordance with Section 2(87) of the Companies Act, 2013



modification, substitution or re-enactment thereof.

- g) Unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting singularity shall include the plural and vice versa.

4 Notification of the Schemes

- 4.1 The Committee shall notify the Scheme(s) under this Plan.
- 4.2 The Committee may subject to a special resolution¹⁷ passed at a General Meeting at any time and from time to time, add, amend, alter or revoke any Scheme(s) notified under the Plan.

5 Eligibility

- 5.1 The eligibility to participate in the Plan is subject to such criteria as may be decided by the Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality, or any other criteria, as the Committee deems necessary.
- 5.2 Based on the eligibility criteria as described in Clause 5.1 above, the Committee will decide the Employees eligible for Grant of Options under the Plan and accordingly, the Committee would make an offer of Grant of the Options to the identified Employee/s under the Notified Scheme(s).

6 Administration of this Plan

- 6.1 This Plan and the Notified Scheme(s) shall be administered by the Committee working under the powers delegated by the Board¹⁸. The Committee is authorized to interpret the Plan and notify Scheme(s), to establish, amend and rescind any rules and regulations relating to the Plan or any Notified Scheme(s), and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Plan and any Notified Scheme(s). The Committee may correct any defect, omission or reconcile any inconsistency in the Plan or any Notified Scheme(s) in the manner and to the extent the Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan or any Notified Scheme(s) and take any action which the Committee is entitled to take. The acts of a majority of the members of the Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Committee shall be the acts of the Company for the purpose of the Plan/Scheme(s). No member of the Committee may act upon matters under the Plan/Scheme(s) specifically relating to such member.

¹⁷ To comply with Regulation 6(1) of the SEBI Regulations, 2021

¹⁸ In accordance with Section 179 of the Companies Act, 2013



- 6.2 Any decision of the Committee in the interpretation and administration of this Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Employee, Grantee, Participant/ Nominee and their Beneficiaries and successors). The Committee shall not be liable for any action or determination made in good faith with respect to the Plan/ Scheme(s) or any Option granted thereunder.
- 6.3 The Committee shall, *interalia*, formulate the detailed terms and conditions of the Plan and Schemes which shall include the provisions to the extent it is not in violation of the Companies Act 2013.
- 6.4 The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including 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 by the Company and its Employees, as applicable.¹⁹

7 Share Pool

- 7.1 Subject to Clause 19 below, the maximum number of Shares that may be issued pursuant to the Exercise of Options granted to the Participants under this Plan shall not exceed 250000 (Two Lakhs Fifty Thousand Equity Shares only) shares. The Committee reserves the right to increase or reduce such number of Shares as it deems fit.
- 7.2 Notwithstanding the foregoing provisions of Clause 7.1, Shares with respect to which an Option is granted under the Plan or any of the Notified Scheme(s) that remain unexercised at the expiration or are not entitled for vesting or forfeited or lapsed or cancelled shall be added back to the number of Options that are pending to be granted. The Committee may, at their discretion Grant such Options within the overall limit determined in accordance with the Notified Scheme(s) under the Plan.

8 Grant of Options

- 8.1 Subject to clause 5.1 above and clause 8.3 below, the Committee may offer the Options to a Grantee in accordance with the terms and conditions of the Notified Scheme(s) under the Plan for the time being in force. The Committee reserves the right to decide the number of Options to be granted to each Eligible Employee.
- 8.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued Equity share capital excluding outstanding warrants and conversions (as understood under SEBI Regulations) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of separate resolution in a General

¹⁹ To comply with Regulation 5(4) of the SEBI Regulations, 2021



Meeting²⁰.

- 8.3 Subject to the overall limit prescribed in Clause 7.1 above, the Options may be granted in one or more tranches under the notified scheme(s).
- 8.4 Subject to Clause 18, each Option will entitle the Participant to one Share of the Company.
- 8.5 The Grant of the Options by the Committee to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Notified Scheme(s).
- 8.6 The Closing Date of accepting the offer shall be as specified in the relevant Notified Scheme(s). Unless provided otherwise in the respective scheme(s), the Closing Date shall not be more than 30 days from the Grant Date.
- 8.7 An offer made under this Clause is personal to the Grantee and cannot be transferred any manner whatsoever²¹.

9 Method of acceptance

- 9.1 The method of acceptance of the Grant made pursuant to Clause 80 above and under the Notified Scheme/s, shall be determined in accordance with the Notified Scheme(s) under the Plan.
- 9.2 Upon receipt of a duly completed acceptance form from the Grantee in respect of the Grant, the Grantee will become a Participant. The Committee may then issue to the Participant a statement, in such form as it deems appropriate, showing the number of Options to which, the Participant is entitled pursuant to the acceptance of such Grant and the number of Shares for which the Participant will be entitled to subscribe pursuant to such Grant.
- 9.3 Subject to the terms contained herein, the acceptance in accordance with this Clause and the relevant Notified Scheme(s), 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. Further, upon acceptance of the Grant, Grantee shall become a Participant.
- 9.4 The Grant of Options to any Grantee, who fails to return the acceptance form, or the acceptance form is received by the Committee after the Closing date, the options granted to such Grantee shall not be valid and the options granted will stand cancelled unless the Committee determines otherwise.

²⁰To comply with Regulation 6(3)(d) of the SEBI Regulations, 2021

²¹ To comply with Regulation 9(1) of the SEBI Regulations, 2021



10 Minimum Vesting Period and Vesting Schedule

- 10.1 All the options granted on any date shall vest not earlier than minimum of 1 (One) year from the date of the Grant.
- 10.2 The maximum Vesting Period may extend up to 5 (five) years from the date of grant of Options or such other period as may be decided by the Committee. The Committee shall have the power to grant Options with a varied Vesting Periods, subject to the requirement of minimum vesting period of 1 (One) year.

11 Vesting of Options

- 11.1 Subject to Clause 13.11 and Clause 14 below, the Unvested Options shall vest with the Participant in accordance with the Notified Scheme(s) under the Plan.
- 11.2 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the Notified Scheme(s) under the Plan.
- 11.3 Neither the Participant nor any person entitled to exercise Participant's rights in the event of death of the Participant, shall be entitled to claim or receive any dividend and right to vote in respect of the Options granted/ vested, till such time as the Shares are transferred pursuant to a valid Exercise of the Options in favor of such Participant or such person²².
- 11.4 In case any disciplinary action is initiated against an Employee/ Grantee/ Participant or any legal proceedings are filed against an Employee, Grantee, Participant for any reason including but not limited to negligence, fraud, professional misconduct, moral turpitude, sexual harassment etc., the Committee shall have the right to postpone the vesting and Exercise of options granted to the Participant until the final outcome of such legal proceedings.

If the result of such proceedings is not in favour of such Employee/ Participant / Grantee, all Options (Vested) shall stand automatically forfeited / cancelled and the contract referred to in Clause 9.3 above shall stand automatically terminated (unless the Committee decides otherwise) and subject to Clauses 21, 23 and 29, which will survive after termination, no other rights/ liabilities will survive for any party. The Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

However, if the result of such legal proceedings is in favor of such Employee/ Participant / Grantee, the Employee/ Participant / Grantee shall regain the right to exercise all the Vested options and the Committee may at their discretion decide to accelerate unvested options of such Participant / Grantee.

²² To comply with Regulation 19 of the SEBI Regulations, 2021



12 Exercise Price

- 12.1 The Exercise Price of the Vested Options shall be determined in accordance with the Notified Scheme(s) under the Plan.

13 Exercise of Options / Allotment of Shares

- 13.1 Subject to Clause 14.1 below, the Participant alone can Exercise the Vested Options within the Exercise Period²³.
- 13.2 The Committee can decide the procedure for the exercise of Options and Allotment of Shares. Further, all transfer or allotment of shares are subject to the final approval by the Committee.
- 13.3 Subject to the relevant Notified Scheme(s), Clause 10 above and Clause 14 below, the Participant alone can Exercise the Vested Options within the Exercise Period as per the relevant Scheme(s). Subject to Clause 13.4 and Clause 13.11 below, such Exercise may be of all Vested Options or part of the Vested Options except in the event of the death of the Grantee holder, in which case Clause 14.1 of this Scheme would apply.
- 13.4 No Vested Option shall be exercisable in its fractional form.
- 13.5 Exercise of the Vested Options shall take place at the time and place designated by the Committee and by executing such documents as may be required under the Applicable Laws by the Committee to pass a valid title of the relevant Shares to participants / employees, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.
- 13.6 A Vested Option shall be deemed to be validly exercised only when the Committee or any other person ratified by the Committee receives written and signed notice of Exercise ('Exercise Form') from the Participant and, subject to Clause 12 above, the full payment of the Exercise Price, taxes (wherever arising) and any other sums due referred to in Clause 20 to the Company as per the Plan in respect of Exercise of the Option ('Aggregate Exercise Price').
- 13.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:
- i) Cheque or demand draft issued in the name of the Company as the Committee may specify; or
 - ii) Remittance directly from the Participant's bank to the bank account of the Company (wire transfer) as the Committee may specify; or
 - iii) Any combination of such methods of payment or any other method including cashless exercise as acceptable by the Committee at its sole discretion.
- 13.8 At the time of allotment / transfer of Shares pursuant to a valid Exercise, the Participant

²³ To comply with Regulation 9(4) of the SEBI Regulations, 2021



will be required to sign such papers as may be considered necessary by the Committee to lawfully execute/ enforce various provisions of the Plan.

- 13.9 The Committee shall endeavor to ensure that the process of allotment/ transfer of Shares to the participant who has validly exercised his Vested Options is completed within a reasonable period from the time of receiving the Exercise Form by the Committee.
- 13.10 Notwithstanding anything else contained in the Notified Scheme(s) under the Plan and, if the Participant does not Exercise his Vested Options within the time specified in Clause 13.3 above and Clause 14 below, the Options shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party.
- 13.11 Subject to the Companies (Share Capital and Debentures) Rules, 2014 as applicable and any other applicable law, and unless the Committee decides otherwise, no participant shall be allowed to Exercise their Options, if such Participant violate Non- Compete and Non-Solicitation clause of Employment agreement entered with the company, or carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Committee in this regard shall be final and conclusive and cannot be called in question by the Participant. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Participant or any activity/ business carried out by the Participant pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Participant.
- 13.12 Only upon allotment/ transfer of the Shares, the Participants shall become members of the Company. The Shares to be allotted/ transferred shall rank *pari-passu* in all respects with the outstanding Shares of the Company.
- 13.13 Under the Plan, the Company will issue fresh equity share / shares as and when the Vested Options are exercised by the Option Grantees.
- 13.14 At any point of time under any of the events prescribed above, view of the Committee shall be regarded as final and will override any of the clauses in this agreement which is giving effect to "allotment of shares" or "exercise of the vested options" to the Participant.

14 Termination of Employment



14.1	<u>On Death of a Participant</u> ²⁴	<table border="1"> <thead> <tr> <th data-bbox="882 404 1138 466">Unvested Options</th> <th data-bbox="1154 404 1425 466">Vested Options</th> </tr> </thead> <tbody> <tr> <td data-bbox="882 466 1138 935">In the event of death of a Participant while in employment with the Company, subject to the relevant Notified Scheme(s), all the Options granted till such date and lying Unvested shall Vest with the Beneficiary / Nominee of the deceased Participant on that day.</td> <td data-bbox="1154 466 1425 1119">Subject to the relevant Notified Scheme(s) and Clauses 13.4 and Clause 13.11 above, all the Vested Options shall be mandatorily deemed to be exercised in accordance with Clause 13 above with immediate effect or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Committee decides otherwise.</td> </tr> </tbody> </table>	Unvested Options	Vested Options	In the event of death of a Participant while in employment with the Company, subject to the relevant Notified Scheme(s), all the Options granted till such date and lying Unvested shall Vest with the Beneficiary / Nominee of the deceased Participant on that day.	Subject to the relevant Notified Scheme(s) and Clauses 13.4 and Clause 13.11 above, all the Vested Options shall be mandatorily deemed to be exercised in accordance with Clause 13 above with immediate effect or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Committee decides otherwise.
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14.2	<u>On Permanent incapacity of a Participant</u> ²⁵	<table border="1"> <thead> <tr> <th data-bbox="882 1154 1146 1216">Unvested Options</th> <th data-bbox="1154 1154 1425 1216">Vested Options</th> </tr> </thead> <tbody> <tr> <td data-bbox="882 1216 1146 1659">In case the Employee suffers a permanent incapacity while in employment subject to the relevant Notified Scheme(s), all the Options granted to him till such date of permanent incapacitation and lying Unvested, shall Vest to the Participant on that date.</td> <td data-bbox="1154 1216 1425 1776">Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.11 above, all the Vested Options shall be mandatorily deemed to be exercised in accordance with Clause 13 above with immediate effect or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Commit-</td> </tr> </tbody> </table>	Unvested Options	Vested Options	In case the Employee suffers a permanent incapacity while in employment subject to the relevant Notified Scheme(s), all the Options granted to him till such date of permanent incapacitation and lying Unvested, shall Vest to the Participant on that date.	Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.11 above, all the Vested Options shall be mandatorily deemed to be exercised in accordance with Clause 13 above with immediate effect or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Commit-
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²⁴ In accordance with Regulation 9(4) of the SEBI Regulations, 2021

²⁵ In accordance with Regulation 9(5) of the SEBI Regulations, 2021



			tee decides otherwise.				
14.3	<u>On Resignation / Termination</u> ²⁶						
(a)	<u>Good Leaver</u>	<table border="1"> <thead> <tr> <th>Unvested Options</th> <th>Vested Options</th> </tr> </thead> <tbody> <tr> <td>In case the employment of the Participant with the Company is terminated due to resignation by the employee as a Good Leaver, all Unvested Options with the Participant on the date of intimation of Resignation/ Termination shall lapse, and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party.</td> <td>Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.11 above, all the Vested Options shall be permitted to be exercised in accordance with Clause 13 above within the Notice period as per the Employment contract, unless the Committee decides otherwise. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party in respect of such options.</td> </tr> </tbody> </table>	Unvested Options	Vested Options	In case the employment of the Participant with the Company is terminated due to resignation by the employee as a Good Leaver, all Unvested Options with the Participant on the date of intimation of Resignation/ Termination shall lapse, and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party.	Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.11 above, all the Vested Options shall be permitted to be exercised in accordance with Clause 13 above within the Notice period as per the Employment contract, unless the Committee decides otherwise. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party in respect of such options.	
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(b)	<u>Termination with cause</u> ²⁷	<table border="1"> <thead> <tr> <th>Unvested Options</th> <th>Vested Options</th> </tr> </thead> <tbody> <tr> <td>In case the employment of the Participant with the Company is termi-</td> <td>Further, in the event of an employee, having received</td> </tr> </tbody> </table>	Unvested Options	Vested Options	In case the employment of the Participant with the Company is termi-	Further, in the event of an employee, having received	
Unvested Options	Vested Options						
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26 To comply with Regulation 9(e) of the SEBI Regulations, 2021

27 "Cause" to be defined as per policy of the Company & Para 3.6 of this Plan



SPAL Employee Stock Option Plan 2024

		<p>nated due to resignation by the employee for Termination with cause (refer clause 3.7), all Options (Unvested) shall automatically stand cancelled and forfeited on the Resignation / Termination date.</p>	<p>any benefit under this Plan, is guilty of any cause in line with the cause stated above or any other action not in line with applicable policies of SPAL, entire options (vested but not exercised) in the event of willful misconduct or gross negligence or in case of significant worsening of the capital and financial situation of SPAL maybe subject to claw-back at the sole discretion of the Committee.</p> <p>Further, the same shall not be applicable for options which have already been exercised.</p>				
14.4	<p><u>On Retirement/ Early Retirement approved by the Company</u></p>	<table border="1"> <thead> <tr> <th data-bbox="876 1263 1146 1329">Unvested Options</th> <th data-bbox="1146 1263 1436 1329">Vested Options</th> </tr> </thead> <tbody> <tr> <td data-bbox="876 1329 1146 1915"> <p>In case the employment of the Participant with the Company is terminated due to the Participant's retirement on attaining the superannuation age or onwards, or early retirement after approval from the Company, all the unvested options will stand cancelled as on date of retirement, unless otherwise determined by the Com-</p> </td> <td data-bbox="1146 1329 1436 1915"> <p>Vested Options shall be permitted to be exercised in accordance with Clause 13 above.</p> </td> </tr> </tbody> </table>	Unvested Options	Vested Options	<p>In case the employment of the Participant with the Company is terminated due to the Participant's retirement on attaining the superannuation age or onwards, or early retirement after approval from the Company, all the unvested options will stand cancelled as on date of retirement, unless otherwise determined by the Com-</p>	<p>Vested Options shall be permitted to be exercised in accordance with Clause 13 above.</p>	
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		mittee.					
14.5	<u>Transfer to / from Subsidiary Company / Associate Company</u>	For the purpose of this Scheme, transfer of the eligible participants between the Company and any subsidiary / associate shall not be regarded as 'separation' or 'termination of employment' and the Options granted to such employees shall continue to subsist on the same basis as if the transfer had not taken place.					
14.6	<u>Other Terminations</u>	<table border="1"> <thead> <tr> <th>Unvested Options</th> <th>Vested Options</th> </tr> </thead> <tbody> <tr> <td>In case the employment of the Participant with the Company is terminated for any reason other than specified in Clauses 14.1 to 14.5 above, all Unvested Options with the Participant on the Termination Date shall lapse and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party.</td> <td>Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.11 above and unless the Committee decides otherwise the Participants can Exercise all the Vested Options on or before the date on which he is relieved from the Company. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party. However, the Committee shall at its discretion waive such forfeiture wholly or partly on a case-to-case basis. Further, such eligible vested options shall be immediate-</td> </tr> </tbody> </table>	Unvested Options	Vested Options	In case the employment of the Participant with the Company is terminated for any reason other than specified in Clauses 14.1 to 14.5 above, all Unvested Options with the Participant on the Termination Date shall lapse and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party.	Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.11 above and unless the Committee decides otherwise the Participants can Exercise all the Vested Options on or before the date on which he is relieved from the Company. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 9.3 above shall stand automatically terminated without surviving any right/ liability for any party. However, the Committee shall at its discretion waive such forfeiture wholly or partly on a case-to-case basis. Further, such eligible vested options shall be immediate-	
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			ly liquidated in accordance with the provisions of this Plan / Scheme and as determined by the Committee and the benefit eligible under this Plan / Scheme(s) shall be paid to the Participant / Nominee / Beneficiary.
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- 14.7 The rights granted to an Option Grantee upon the grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with any present or past member of the Group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

15 Notices and correspondence

- 15.1 Any notice required to be given by a Participant to the Committee or any correspondence to be made between a Participant and the Committee may be given or made to the Committee at the registered office / corporate office of the Company or at a place as may be notified by the Committee in writing.
- 15.2 Any notice required to be given by the Committee to a Participant or any correspondence to be made between the Committee and a Participant shall be given or made by the Committee on behalf of the Company at the address provided by the Participant in his Acceptance Form or Nomination Form.

16 Beneficiary/ Nominee designation

- 16.1 Each Participant under the Notified Scheme(s) under the Plan may nominate, from time to time, any Nominee(s) / Beneficiary(ies) to whom any benefit accrued to such Participant under the Plan is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Participant, shall be in a form prescribed by the Committee and will be effective only when filed by the Participant in writing with the Committee during the Participant's lifetime.

17 Non-transferability of Options²⁸

- 17.1 Save as provided in Clause 14.1 above, the Options granted herein, are personal to the Participant. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Participant otherwise than by will or

²⁸To comply with Regulation 9 of the SEBI Regulations, 2021



by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

18 Transferability of Shares

- 18.1 Any participant / Beneficiary who wishes to sell/transfer the Shares acquired pursuant to Exercise of Grant may sell/transfer such Shares freely over the Stock Exchanges.

19 Corporate Action

- 19.1 In case of Corporate Action announced by the Company prior to the Exercise period pertaining to the relevant Options, the Committee, in accordance with Applicable Laws, shall ensure that adjustment to Exercise Price and the number of Options granted shall be appropriately made without prejudice to the interest of the Participant. The decision of the Committee on whether such action is necessary and the extent of such action by the Committee shall be final and binding on the Participants.
- 19.2 In case of such Corporate Action, announced by the Company prior to the Exercise Period pertaining to the Options, where the face value of the Shares is reduced below INR 10 (e.g., share-split, etc.) the maximum number of Options available for being granted under the Scheme as mentioned in Clause 7.1 shall stand modified accordingly, so as to ensure that the cumulative paid-up value (No. of shares * Face value per share) remains unchanged.

20 Withholding Tax or any other Sums

- 20.1 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 participation in the Plan and the Scheme(s) notified therein (in India), if any, and the Committee, accordingly, may withhold such taxes and / or levy and / or contribution and / or payment in full unless Committee decides to withhold in part.
- 20.2 Notwithstanding anything contained in the Notified Scheme(s) or any other Clauses of the Plan, if the Grant of the Option and/ or the Vesting of Option and/ or the Exercise of the Options and/ or allotment or transfer of the Shares under the Notified Scheme(s) and / 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/ Employing entity, then such taxes and/ or levy and/ or contribution and/ or payment shall be recovered in full, unless the Committee at its sole discretion decides to recover in part from the Participant.
- 20.3 Notwithstanding anything else contained in this Plan or under the Notified Scheme(s) therein, no Shares therefrom, as the case may be, shall be issued/ allotted/ transferred/ disbursed to the Participant, on Exercise of the Options under the Notified Scheme(s) under the Plan, unless appropriate levies/ taxes/ contributions/ payments as given in this Clause are recovered in full, unless the Committee at its sole discretion decides to recover only a part of the same from the Participant / Beneficiary / Nominee as may be applicable.



21 Arbitration

21.1 In the event of a dispute arising out of or in relation to the provisions of this Plan or any Notified Scheme(s) (including a dispute relating to the Construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such disputes 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 a reasonable attempt, which attempt shall continue for not more than 90 days, gives 90 days notice thereof to the other party in writing. In case of such failure, either party may refer the dispute to a single arbitrator appointed by both the parties and failing such agreement, to three arbitrators, one to be appointed by each party and the third arbitrator to be jointly appointed by the two arbitrators appointed by the parties. The arbitration proceedings shall be held in Coimbatore, Tamil Nadu under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator(s) shall give a reasoned award in writing. The arbitrator(s) 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 Tamil Nadu. Nothing in this Clause will however limit the right of the Company to bring proceedings against any Participant in connection with this ESOP 2024:

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

22 Tenure

22.1 This Plan and any Notified Scheme(s) shall continue in effect unless terminated by the Committee.

22.2 Any such termination of this Plan or Notified Scheme(s) shall not affect Options/ Shares already Granted and such Options/ Shares shall remain in full force and effect as if the Plan/ the Notified Scheme(s) had not been terminated unless mutually agreed otherwise between the Participant and the Committee.

23 Governing Law

23.1 This Plan, all Notified Scheme(s) under the Plan and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws of India.

23.2 This Plan and all the Notified Scheme(s) under the Plan shall be relooked on changes / amendments of the Applicable Laws of India over a period of time.

23.3 The Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and the relevant Notified Scheme(s). The Options are subject to the Plan and the Notified Scheme(s). Any term of the Plan or any Notified Scheme(s) that is contrary to the requirement of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 or any other Applicable Law, and the rules and regulations framed thereunder shall not apply to the extent it is contrary.



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

24 Regulatory approvals

- 24.1 The implementation of the Plan and the relevant Notified Scheme(s), the Grant of any Option as per terms of the relevant Notified Scheme(s) under the Plan and the issuance/transfer of any Shares as per the relevant Notified Scheme(s) under the Plan shall be subject to the procurement by the Company and the Participant of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan and/or the relevant Notified Scheme(s), the Options and the Shares issued pursuant thereto. The Participant under this Plan will, if requested by the Committee, 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.
- 24.2 The Committee shall make all the relevant disclosures in the Director's Report²⁹ in relation to the Plan as are required under the Applicable Laws.
- 24.3 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the Companies Act, 2013 as applicable.

25 Modification of Plan³⁰

- 25.1 The Committee may, subject to a Special resolution³¹ passed at a General meeting³² at any time and from time to time:
- Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Plan, the relevant Notified Scheme(s) or all or any of the rights and obligations of the Grantee / Participant / Beneficiary / Nominee;
 - Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Grantee / Participant / Beneficiary / Nominee. Each of such sets of special terms and conditions shall be restricted in its application to those Grantee / Participant / Beneficiary / Nominee;
 - Alter the Exercise Price, if the Option becomes unattractive due to fall in market price

²⁹To comply with Regulation 14 of the SEBI Regulations, 2021

³⁰To comply with Regulation 7(1) of the Companies (Share Capital and Debentures) Rules, 2014

³¹To comply with Regulation 7(1) of the Companies (Share Capital and Debentures) Rules, 2014

³²To comply with Regulation 7(1) of The Companies (Share Capital and Debentures) Rules, 2014



of the Shares³³.

Provided that no variation, alteration, addition or amendment to the Plan or any Notified Scheme(s) under the Plan can be made if it is detrimental to the interests of the Grantee / Participant / Beneficiary / Nominee and the approval of the shareholders in General Meeting has been obtained unless the terms are varied to meet any regulatory requirements.

- 25.2 The Company may by special resolution in a General Meeting vary the terms of the Schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees.

26 Miscellaneous provisions

- 26.1 **No right to a Grant:** Neither the adoption of the Plan, nor any action of the Committee shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 26.2 **No employment rights conferred:** Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time. Neither the adoption of the Plan and/or Notified Scheme(s) hereunder, nor any action of the Committee shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 26.3 **Adherence to Applicable Laws:** The Participant/ Nominee / Beneficiary shall comply with all Applicable Laws.
- 26.4 The Company shall bear the costs of establishing and administering this Plan including any costs of the Company's auditors or any independent financial adviser.
- 26.5 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ 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 Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 26.6 The acceptance of the Grant is entirely voluntary and the Company or the Committee does

³³ To comply with Regulation 7(1) of the Companies (Share Capital and Debentures) Rules, 2014



not guarantee any return on Shares or Options.

- 26.7 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.
- 26.8 Inability to obtain authority: The inability of the Company / Committee to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company / Committee of any and all liability in respect of the failure to issue or sell such shares.

27 Set-off

- 27.1 It is the Committee's obligation to convey to the Participant that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant / Nominee / Beneficiary to the Company/Committee, to the extent permitted under Applicable Laws.

28 Severability

- 28.1 If any of the provisions mentioned in this Plan are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by Applicable Laws.

29 Confidentiality

- 29.1 The Grantee specifically confirms and covenants to the Committee that he is aware that the information regarding his / her ESOP entitlements to this Option Agreement is strictly confidential and that the Option Grantee cannot reveal/share the information with any of his/her peers, colleagues, co-employees or with any employee and/ or associate of the Company or its subsidiaries or associate companies. In case Option Grantee is found in breach of this Confidentiality Undertaking, the Committee has an undisputed right to forfeit the Options granted and all Vested (and un-exercised) and Unvested options shall stand cancelled immediately. The decision and judgment of the Committee regarding breach of this Confidentiality Undertaking shall be final and binding upon the Grantee.

30 Covenants of the Grantee

- 29.1 The Grantee confirms that: -

- i. the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries.
- ii. while during employment with the Company or its Subsidiaries, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii. the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are



- or shall be (in the sole opinion of the Committee) in conflict with the interests of the Company or its subsidiaries or associate company.
- iv. in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
 - v. the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries.
 - vi. the Grantee understands that "Confidential Information" means any or all information about the Company or its subsidiaries that satisfies one or more of the following conditions:
 - a) such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries; or
 - b) such information which is critical, in the Company's opinion, to the Company's current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries and the disclosure of the same would affect their competitiveness; or
 - c) such information which either has been identified as confidential by the Company or its subsidiaries (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
 - d) such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization / person / group of persons when shared with the organization / person / group of persons; or
 - e) such information which is required to be kept confidential by any requirement of law.

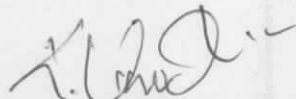
30.2 **"Confidential Information"** includes all trade related information, trade secrets, confidential and privileged information, customer information, employment related information, strategies, administration, research in connection with the Company or its subsidiaries or associate company and commercial, legal, scientific, technical data that are either provided to or made available to the Grantee by the Company or its subsidiaries to facilitate his/her work or that the Grantee is able to know or has obtained access by virtue of his/her employment or position with the Company or its subsidiaries, as the case may be. To illustrate, the following is an indicative list of Confidential Information: -

- i. computer programs, inventions, samples, designs, drawings, machines, tools, photographs, source codes, object codes, methods, concepts, formulas, algorithms, processes, technical specifications, analyses, discoveries, improvements, marketing methods, manufacturing processes, research and development information;



- ii. organizational matters, business plans, company policies, sales forecasts, employee and personnel information (including information pertaining to their terms of employment, experience, contact details, appraisals, performance, competencies, specialized skills / expertise, medical information, etc.);
- iii. non-public financial information relating to the Company or its subsidiaries including its financial results for any period;
- iv. Business Plans of the Company or its subsidiaries including its monthly reports and estimates;
- v. Current and prospective customer lists and information on customers and their employees;
- vi. Information relating to existing and potential intellectual property of the Company or its subsidiaries;
- vii. Dividend policy of the Company or its subsidiaries including the intended declaration of dividend;
- viii. Issue of shares of the Company or its subsidiaries by way of public offers, rights issues, bonus issue, employee stock options;
- ix. Major expansion plans or execution of new projects including information concerning amalgamations, mergers, acquisitions and takeovers being planned or contemplated by the Company or its subsidiaries and information concerning the purchase of major equipment or property and the disposal of any undertakings of the Company or its subsidiaries;
- x. Information relating to the Company or its subsidiaries regarding acquisition or loss of significant contracts, significant disputes with major suppliers, consumers or any Governmental or regulatory agency;
- xi. Any information that may affect the earnings/ profitability of the Company or its subsidiaries;
- xii. Any other change in policies, plans or operations of the Company or its subsidiaries.

For S. P. APPARELS LTD.,


K. Vinodhini
Company Secretary
Mem. No. A24822