

**GRANDEUR PRODUCTS LIMITED**

10-2-9 & 10-2-249, Flat No 703, 6th Floor, Nasr Apartments, AC Guards, Hyderabad,  
Telangana- 500004

**Employee Stock Option Scheme II  
2016**

**CERTIFIED TRUE COPY**  
For Grandeur Products Limited  
*Priyanka Kurari*  
Company Secretary

## GRANDEUR PRODUCTS LIMITED

10-2-9 & 10-2-249, Flat No 703, 6th Floor, Nasr Apartments, AC Guards, Hyderabad,  
Telangana- 500004  
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For Grandeur Products Limited

*Priyanka Iwari*

Company Secretary

**1. Name, Objectives and Tenure of the Grandeur Products Limited – Employee Stock Option Scheme II, 2016**

1.1 This Scheme shall be called the “Grandeur Products Limited – Employee Stock Option Scheme 2016 (GPLESOS II, 2016 / Scheme)”.

1.2 **Grandeur Products Limited**, a Company limited by shares, incorporated and registered under the Companies Act, 1956, bearing CIN: L15500TG1983PLC110115 and having its registered office situated at 10-2-9 & 10-2-249, Flat No 703, 6th Floor, Nasr Apartments, AC Guards, Hyderabad, Telangana- 500004, has structured this Scheme for the benefit of the Employees (as defined herein).

The Company has introduced the **Grandeur Products Limited – Employee Stock Option Scheme II, 2016** with the following objectives:

- To motivate the Employees for increasing their respective performances at various levels by adopting the changes introduced by the changing technology and hard work and to encourage them to achieve the prescribed performance parameters;
- To attract and retain the talent and ensure the commitment of the employees to the Company's growth; and
- Foster the long-term commitment of the employees, through the accumulation of capital and increased ownership of equity interest.

The aforesaid objectives are sought to be achieved through the grant of Options to the Employees to subscribe to the Shares of the Company.

1.3 The GPLESOS II, 2016 is effective from date of declaration of Postal Ballot and e-Voting results as per the report of the Scrutinizer and shall continue to be in force until (i) subject to applicable laws, its termination by the Board / Compensation and Remuneration Committee (hereinafter will be referred as the Compensation and Remuneration Committee of the Board); or (ii) the date on which all of the Options available for issuance under the GPLESOS II, 2016 have been issued and Exercised.

## 2. DEFINITIONS

In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against. Further, unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

The terms defined in this Scheme shall for the purposes of this Scheme have the meanings specified herein and terms not defined shall have the meanings as defined in the Securities Contracts (Regulation) Act, 1956, the Companies Act, 1956, Companies Act, 2013, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 or in any statute or re-enactments hereof, as the case may be.

**2.1 "Applicable Laws"** shall mean laws of India to the extent applicable to the Scheme including, but not limited to, the Income-tax Act, 1961, the Companies Act, 1956, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, and the rules/ guidelines/ notifications issued there under, and any modifications or re-enactments thereof. Accordingly, any action 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.

**2.2 "Acceptance"** shall mean the acceptance by the Grantee in the mode specified at the time of grant of the Option to the Grantee.

**2.3 "Board of Directors/Board"** means the Board of Directors of the Company.

**2.4 "Committee"** means the Compensation Committee of the Board consisting of majority of independent directors, which has been constituted by the Board for administration and superintendence of this Scheme pursuant to Clause 3 and as per the Section 178 of The Companies Act, 2013.

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

For Grandeur Products Limited  
*Priyanka Kumar*  
Company Secretary



**2.6 "Closing date"** means the last date on which the offer for accepting the Options made by the Company/Compensation Committee to a Participant can be accepted. In case the last date is a non working day, then it shall be the next working day.

**2.7 "Company"** shall mean **Grandeur Products Limited**, a Company limited by shares, incorporated and registered under the Companies Act, 1956, bearing CIN: L15500TG1983PLC110115 and having its registered office situated at 10-2-9 & 10-2-249, Flat No 703, 6th Floor, Nasr Apartments, AC Guards, Hyderabad, Telangana- 500004,

**2.8 "Company Policies/Terms of Employment"** means the Company's policies for employees and the terms of employment as contained in the employment letter/contract and the Company handbook, which includes provisions for securing confidentiality, non-compete and non-poaching of other Employees and customers.

**2.9 "Companies Act"** means the Companies Act, 2013 and/or as the case may be, the Companies Act, 1956 (to the extent applicable) read with Rules made thereunder and includes any statutory modifications or re-enactments thereof.

**2.10 "Corporate Action"** means one or more of the following events:

- (i) The merger, de-merger, spin-off, consolidation, amalgamation, sale of business or other re-organisation of the Company in which the shares are converted into or exchanged for:
  - a) a different class of securities or the same shares with changes in face value of the Company; or
  - b) any securities of any other Company; or
  - c) Cash; or
  - d) Other property.
- (ii) The sale, lease or exchange of all or substantially all of the assets /undertaking of the Company to any other Company or entity.

(iii) The adoption by the Shareholders of the Company of a scheme of liquidation, dissolution or winding up.

(iv) Acquisition by any Company or person or entity or group, of a controlling stake in the Company, whereby a change in management occurs.

For the purpose of this clause, 'Controlling Stake' means 51% of the voting share capital of the Company.

**2.11 "Eligibility Criteria"** means the criteria as may be determined from time to time by the Compensation Committee for granting the Employee Stock Options to the employees.

**2.12 "Employee"** means

- a) a permanent employee of the Company working in India or out of India; or
- b) a director of the Company, whether a whole time director or not; or
- c) an employee as defined in sub-clauses (a) or (b) of a Subsidiary, working in India or out of India.
- d) The following persons are not deemed as employees for the purpose of this Scheme:
  - a. an employee who is a Promoter or belongs to the Promoter Group;
  - b. a director who either by himself or through his relatives or through any-body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company;
  - c. an independent director within the meaning of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as prescribed by Securities Exchange Board of India (SEBI), as applicable;

**2.13 "Exercise"** means making of an application by the Participant in the prescribed format to the Company / Compensation Committee for issue of shares against the Vested Options held by the Participant in pursuance of this Scheme upon payment of the Exercise price.

**2.14 "Exercise period"** means a period of 3 months from the date of Vesting of Options or until the cessation of employment, whichever, is earlier. In case of cessation of employment, subject to the provisions of this Scheme, the Vested Option may be exercised within 30 days of cessation of Employment.

For Grandeur Products Limited

*Priyanka Kaurani*  
Company Secretary

- 2.15 "Exercise price"** means the purchase price of each Vested Option payable by the Participant for exercising the Vested Options granted to him in pursuance of the Scheme, in accordance with Clause 10 below and shall be communicated in the Grant letter.
- 2.16 "FEMA Regulation"** means Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000, issued by Reserve Bank of India vide notification no. FEMA 20/ 2000- R13 dated 3rd May, 2000 and any amendments, notifications, circulars, master circulars, rules, regulations etc., issued thereto.
- 2.17 "Grant"** means issue of Option to the employees under this Scheme.
- 2.18 "Grant date"** means the date on which the Options are granted to a Grantee by the Committee under the Scheme.
- 2.19 "Grant letter"** means mode of communication of grant of an Option to a Grantee.
- 2.20 "Grantee"** shall mean an Employee at the time of grant of the Option and who in the opinion of the Committee is declared to be eligible to participate under the Scheme and includes his legal heirs and/or the nominee.
- 2.21 "Group"** means the Company, and its existing and future Subsidiary Companies incorporated in India or overseas, as defined under the Companies Act, 1956 or under the provisions of the Companies Act, 2013.
- 2.22 "Immediate Relative"** means spouse; parent, brother, sister or child of the Promoter or of the spouse.
- 2.23 "Independent director"** means an Independent Director of the Company as defined in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as defined under the Companies Act, 2013.
- 2.24 "Listing"** means listing of Shares of the Company on any recognized Stock Exchange in India.



**2.25 "Market price"** shall mean the latest available closing price on the stock exchange on which the shares of the Company are listed, immediately prior to the date of the meeting of the Board of Directors or the Compensation Committee, in which options are granted..

**2.26 "Misconduct"** means disregard of the Company's bye-law, rules, regulations and the terms of employment and includes mismanagement of position by action or inaction, alleged wrongdoing, malfeasance, or violation of any rule, regulation or law which was expected to be abided by the employee.

**2.27 "Option"** means a right, but not an obligation to acquire and be allotted a Share of the Company at the Exercise price determined in accordance with Clause 10 below.

**2.28 "Participant"** means a Grantee who accepts an offer from the Company to participate in the Scheme pursuant to Clause 7 below.

**2.29 "Permanent Disability"** 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, for which, the said Employee was capable of performing immediately before such disablement based on a certificate of a medical expert identified by the Company.

**2.30 "Scheme"** shall mean the "Grandeur Products Limited – Employee Stock Option Scheme, II 2016" and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.

**2.31 "Promoter"** means:

- a) The person or persons, who are in overall control of the Company; or
  - b) The person or persons who are instrumental in the formation of the Company or programme pursuant to which the Shares were offered to the public; or
  - c) The person or persons named in the offer document as promoter(s).
  - d) The person or persons who are named as promoters in the Shareholding Pattern of the Company
- Provided, that the director or officer of the Company if he is acting as such only in his professional capacity will not be deemed to be a Promoter.

For Grandeur Products Limited

Priyanka Kurari

Company Secretary



**Explanation:** Where a promoter of the Company is a body corporate, the promoter of that body corporate shall be deemed to be a promoter of the Company.

**2.32 "Promoter group" means:**

- a) An immediate relative of the Promoter; or
- b) Persons whose shareholding is aggregated for the purpose of disclosing in the offer document "shareholding of the promoter group".

**2.33 "SEBI Regulation"** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, issued by the Securities Exchange Board of India under the Securities Exchange Board of India Act, 1992, read with section 62 of Companies Act, 2013 and rule 12 of Companies (Share Capital and Debentures) Rules, 2014, and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.

**2.34 "Share"** means an equity Share of the Company of face value of Rs. 10/- (Rupees Ten only) each.

**2.35 "Shareholder"** means the registered holder/ beneficial owner of any share in the share capital of the Company.

**2.36 "Stock Exchange"** means the BSE Ltd., on which the Company's Shares are listed and traded.

**2.37 "Subsidiary Company"** means a company incorporated in India or overseas, as defined under the Companies Act, 1956 or the provisions under the Companies Act, 2013 as applicable.

**2.38 "Termination date"** means the date of termination of employment of the Participant with the Company or Group.

**2.39 "Unvested Option"** means an Option, which is not a Vested Option with respect to the fact that the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Options.

**2.40 "Vesting"** means the process by which the Participant is given the right to apply for Shares of the Company against the Option granted to him in pursuance of this Scheme.

**2.41 "Vesting Condition"** means any condition subject to which the Options granted would vest in a Option Grantee.

**2.42 "Vesting Period"** means the period during which the vesting of the Options granted to the Option Grantees in pursuance of this GPLESOS II 2016 takes place.

**2.43 "Vested Option"** means an Option in respect of which the relevant Vesting Condition have been satisfied and the Option Grantee has become eligible to Exercise the Options.

**Construction:** 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 Articles, which shall be interpreted solely in light of the contents thereof.

- a) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- b) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
- c) The term 'including' shall mean 'including' without limitation unless otherwise specified.
- d) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

### **3. CONSTITUTION, ROLE AND FUNCTIONS OF COMPENSATION COMMITTEE**

**3.1** The existing Nomination and Remuneration Committee of the Board may act as the Compensation Committee for the purpose formulating the Grandeur Products Limited – Employee Stock Option Scheme, II 2016.

**3.2** The Compensation Committee is empowered to formulate detailed terms and conditions of the Scheme, administer and supervise the same. The Compensation Committee shall meet as required for the purpose of administering the Scheme.

**3.3** The Compensation Committee shall have powers to review the Scheme annually and recommend appropriate changes in the terms and conditions of the Scheme, if any, to the Board of Directors. Changes would be recommended in cases such as:

- the current Scheme does not fulfil the objectives set out for the Scheme
- there are changes in legislation, which need to be incorporated in the Scheme

For Grandeur Products Limited

*Priyanka Kurani*

Company Secretary

- such changes facilitate effective implementation or improvement of the Scheme
- such changes are for the welfare of the Employees

**3.4** No member of the Compensation Committee shall be liable for any decision or action carried out in good faith with respect to the Scheme of the Company.

**3.5** The Compensation Committee shall ensure that the Scheme is implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

#### **4. ADMINISTRATION OF THE SCHEME**

The Scheme shall be administered by the Compensation Committee. The Compensation Committee shall, inter alia, have the following powers:

- 4.1** To do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Scheme.
- 4.2** Determine the employees eligible to participate in the Scheme.
- 4.3** Determine the performance parameters and other conditions for Grant of Options and/or Vesting of Options granted to an employee, the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche. The performance parameters and other conditions for Grant of Options to the employees shall be subject to the primary condition laid down Clause 7 of this Scheme.
- 4.4** Determine the number of Options to be granted, to each employee and in the aggregate, and the times at which such Grants shall be made.
- 4.5** Determine the vesting period of the Grant made to any employee(s) and/or any conditions subject to which such Vesting may take place.
- 4.6** Determine the Exercise period within which the Participants should Exercise the Option.
- 4.7** Determine the conditions under which the Options, Vested or Unvested upon the Grantees/ Participants may lapse in case of termination of employment for misconduct (apart from what has been stated elsewhere herein).



- 4.8** Determine the specified time period within which the Participant shall Exercise the Vested Options in the event of termination or resignation of an Employee (apart from what has been stated elsewhere herein).
- 4.9** Determine the right of a Participant to Exercise all the Options vested upon him at one time or at various points of time within the Exercise period.
- 4.10** Determine the Exercise price of the Options Granted.
- 4.11** Determine the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, following shall be taken into consideration by the Committee;
- the number and the price of Options shall be adjusted in a manner such that total value of the Options remains 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 Option holders;
- 4.12** Construe and interpret the terms of the Scheme, and the Options Granted pursuant to the Scheme.
- 4.13** Frame suitable policy, procedure and system to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, SEBI (SBEB) Regulations, and other Applicable laws to be followed by the Participants, as and when required.
- 4.14** A minimum of 2 members or 1/3<sup>rd</sup> of the total strength of the members of the Compensation Committee whichever is higher shall constitute a valid quorum. The acts of a majority of the members present at any meeting at which a quorum is present, or in lieu of a meeting, acts approved in writing by a majority of the members, shall be deemed to be the acts of the Compensation Committee.
- 4.15** 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 parties concerned (including, but not limited to, Grantee and / or Participants and their beneficiaries or successors). If the members of the Compensation Committee are evenly divided on any issue, then the Chairman of the Compensation Committee will have the second or casting vote.

For Grandeur Products Limited

*Priyanka Kaurani*

Company Secretary

**4.16** To prepone or postpone the vesting period subject to the minimum vesting period being 6 months and maximum vesting period 36 months .

## **5. ELIGIBILITY**

**5.1** Employee of the Company and subsidiary Company

**5.2** An Employee who:

- a) is a Promoter; or
- b) belongs to the Promoter group; or
- c) is a Director, who either by himself or through his Relative or through any Body Corporate, directly or indirectly, holds more than 10 % of the outstanding equity shares of the Company;

Shall not be eligible to participate in the Scheme

**5.3** An Independent Director shall not be eligible to participate in the Scheme.

**5.4** The Scheme shall be applicable to the Company, its Subsidiary Companies in India and abroad and may be granted to the Employees and Whole-time Directors of the Company, that of its Subsidiary, as determined by the Compensation Committee at its discretion.

## **6. SHARES POOL**

**6.1** The maximum number of Shares that may be issued pursuant to the Exercise of Options granted to the Participants under this Scheme shall not exceed 750,000 (Seven Lakhs and Fifty Thousand only) fully paid-up equity Shares of the Company. The Company reserves the right to increase or reduce such number of Shares as it deems fit.

**6.2** To the extent that any shares covered by an Option, are not issued to the employee or his legal heir or nominee because the Option is forfeited or cancelled, or because the Options are settled in cash or for any other reason, such shares shall not be deemed to have been issued for purposes of determining the maximum number of shares available to be issued under the Scheme.

**6.3** The Scheme shall be deemed to have come into force from the date of the shareholder's approval.

**6.4** If any Options granted under the Scheme are terminated / forfeited / lapsed under the provisions of the Scheme, such Options shall be available for further Grants under the Scheme. The Scheme shall



remain in effect until all Options granted under the Scheme have been exercised, subject to the provisions of this clause.

## 7. GRANT OF OPTIONS

**7.1** The Committee may offer the Options to an employee in accordance with the terms and conditions of the Scheme for the time being in force. The primary condition for an employee to be eligible to get options under this Scheme is as follows:

**i. Appraisal process for determining the eligibility of employees to the GPLESOS II, 2016.**

i. The Compensation Committee shall, based on the various criteria for selection of the Employees (which criteria shall be decided from time to time by the Compensation Committee for assessing the contribution of the Employees) decide on the Employees who qualify under the Scheme and the number of Options of the Company that may be issued to them.

ii. The appraisal process shall include evaluation of an employee based on one or more criteria for determining eligibility of the employees to be granted options, including but not limited to the following:

a. Work related or academic performance of the employee

b. Length of service

c. Potential of the employee to contribute to the Company's/ Subsidiary's performance

d. Position held

e. The extent of contribution made by the employee towards business results, achievement of medium to long term performance Schemes, processes and customer satisfaction or employee satisfaction.

f. High market value/difficulty in replacement.

g. High risk of losing the employee to competition.

ii. Top level employees i.e. the employees having high experience, employees working at senior designations will be eligible for Grant of Options from the date of joining.

<b>Middle level:</b> Employees who falls under the top level executives as determined by the Compensation Committee.	Eligible for Grant of Options only after six months of joining the Company/subsidiary.
<b>Junior staff</b>	Eligible for Grant of Options only after 12 months of joining the Company/subsidiary.

For Grandeur Products Limited

Priya N K Kumar  
Company Secretary



- 7.2** Each Option upon vesting will entitle the Grantee to one Share of the Company. The Options would lapse on failure to Exercise the Option within the Exercise period.
- 7.3** The maximum number of the options that may be granted to the identified employees under this Scheme in any one financial year shall not exceed 4% (Four Percent) of the total number of issued shares of the Company.
- 7.4** The Grant of the Options by the Committee to the Grantee shall be made in writing and communicated to the Grantee. Such a Grant shall state the number of options offered the exercise price and the closing date of accepting the offer.
- 7.5** The employee identified for the Scheme shall be furnished with:
- the salient features of the Scheme,
  - an Information Memorandum, containing a synopsis of the performance of the Company in the recent years, the risk factors with reference to the Company's performance and the Company's perception about the same.
  - the possible risk factors that go with investment in shares of the Company, more specifically under the Scheme, to facilitate the Employee to take an informed decision with regard to investment in the shares of the Company under the Scheme and
  - Application Form for exercising the Option at the appropriate time.
- 7.6** The maximum number of the Shares that may be issued pursuant to the grant of the Options to the Grantee being a director of the Company (either by himself or through relatives or any Body Corporate) shall not exceed 10% of the total issued share capital, where such director is a resident as per the SEBI Regulations and 5% of the total issued share capital, to Non-Resident Grantees, as per the limit provided in FEMA Regulation from time to time.
- 7.7** The Closing date shall not be more than 180 days (one hundred and eighty) from the grant date.
- 7.8** The employee shall not assign, transfer, pledge or hypothecate his rights or obligations relating to the Options, to any third party. The Option shall be exercisable during the exercise period only by such employee or in case of death or permanent incapacity of an employee, by the employee's nominees or authorized legal representative or legal heirs as specified in the Scheme.

For Grandeur Products Limited

## **8. METHOD OF ACCEPTANCE**

- 8.1** Any Grantee who wishes to accept an offer made pursuant to Clause 7 above must deliver Letter of Acceptance, duly completed and signed as required therein, to the Company on or before the Closing date stated in the Grant letter. No amount is required to be paid at the time of Acceptance of the offer.
- 8.2** Any Grantee who fails to return the Letter of Acceptance on or before the Closing date shall, unless the Committee determines otherwise, be deemed to have rejected the offer and any Acceptance received after the Closing date shall not be valid.
- 8.3** Upon receipt of a duly completed Letter of Acceptance from the Grantee in respect of the Grant, the Grantee will become the Participant.

## **9. VESTING OF OPTIONS**

- 9.1** Options granted under this GPLESOS II 2016 would Vest after One year but not later than Two years from the date of grant of such Options.
- 9.2** Subject to the terms contained herein, the Acceptance in accordance with Clause 8 above of a Grant made to a Grantee shall conclude a contract between the Grantee and the Company consequent to which each Option shall, on such acceptance, be an Unvested Option.
- 9.3** The Unvested Options shall vest in the Participant after a minimum period of 12 Months from the date of Grant of Options by the Compensation Committee, subject to the Participant's continued employment with the Company and subject to the provisions of Clause 13 & 14.
- 9.4** Each Participant 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 or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Participant and shall be in a form prescribed by the Company and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

For Grandeur Products Limited

*Priyanka Kuram*  
Company Secretary



## 10. EXERCISE PRICE

The Exercise Price shall be equal to face value of shares i.e. Rs. 10 per Option (or) shall not be less than seventy five percent (75%) of the "Market Price" as per the ESOP Regulations (or ) any other price as decided by the Compensation and Remuneration Committee.

Payment of the Exercise Price or any amount under ESOP 2016, if any, shall be made by a demand draft drawn in favour of the Company or online payment / wire transfer of funds, or in such other manner as the Committee may permit.

## 11. EXERCISE OF OPTIONS

**11.1** The Employee Stock Options granted may be exercised by the Option Grantee at any time within the period determined by the Compensation and Remuneration Committee from time to time subject to a maximum period of three (3) months from the date of Vesting of the respective Options. The Shares issued upon Exercise of Options shall be freely transferable and will not be subject to any lock - in period after such Exercise provided, however that the shares allotted on such Exercise cannot be sold for such period from the date of allotment in terms of Code of Conduct for Prevention of Insider Trading of the Company read with Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended or replaced from time to time or such other period as may be stipulated from time to time in terms of Company's Insider Trading Code of Conduct.

**11.2** Subject to clause 8, clause 10 and clause 14, the Participant alone can exercise the Vested Option.

**11.3** Subject to Clause 10 above and Clause 14 below, the Participant can exercise the Vested Options within the Exercise period. Such exercise may be of all Vested Options or part of the Vested Options, subject to clause 11.4 below.

**11.4** No fraction of a Vested Option shall be exercisable in its fractional form.

**11.5** Exercise of the Options shall take place at the time and place designated by the Committee or the Company and by executing such documents as may be required under the applicable laws to pass a valid title to the relevant Shares to the Participant, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein or as may be applicable under law.



- 11.6** An Option shall be deemed to be exercised only when the Committee receives written notice of exercise along with the Exercise Price (in accordance with the Scheme) from the person entitled to exercise the Option.
- 11.7** On Exercise, the Participant can subscribe to the Shares on the full payment of the Exercise price and the Company shall allot the Shares to the Participants after completing the necessary formalities in this regard, or, if requested in writing by the Participant, to the Participant jointly with another person, provided the Committee / Company finds the Exercise form complete and conditions of the Scheme are complied with. Subsequent to allotment, no Participant should seek to sell or otherwise transfer the Shares until there is a confirmation from the Company that the listing procedures with respect to the allotted Shares have been completed. The Participant shall sell the Share so acquired in accordance with suitable policies / rules / procedures framed by the Company / the Committee as required by SEBI.
- 11.8** Notwithstanding anything else contained in this Scheme, if the Participant does not Exercise his Vested Options within the time specified in clause 9.1 above, the Options shall lapse. The Options lapsed before the termination of the Scheme shall be available for future grants.
- 11.9** The Shares issued upon Exercise of the Options under the Scheme shall rank pari-passu in all respects including right to dividend with the existing Shares of the Company.
- 11.10** The Shares issued on exercise of the Options shall be listed on the stock exchange where the Company's Equity Shares are listed and will be subject to terms and conditions of the SEBI (LODR) Regulations, 2015, in addition to the terms and conditions of the Scheme.
- 11.11** The Participant shall have no rights as a Shareholder e.g., right to vote, right to receive dividends or any other rights etc with respect to the Shares, until the name of the Participant has been entered in the register of members of the Company / in the register of Beneficial Owner maintained by the Registrar and Share Transfer Agent of the Company.

For Grandeur Products Limited  
*Priyanka Kuran*  
Company Secretary

## **12. TAX**

**12.1** All Options granted under the Scheme shall be subject to all applicable tax requirements, if any, and the Company or Committee shall bear such taxes.

**12.2** In the event of any tax liability, including any tax liability due to change in the tax laws relating to the Scheme, arising on account of the issue of the Options / conversion into Shares / sale of Shares or any other event, , such tax liability shall be borne by the respective Employee.

## **13. TERMINATION OF EMPLOYMENT**

### **13.1 On death of a Participant:**

In the event of death of a participant while in employment all the options granted to him till such date shall vest immediately on the date of death in the beneficiary of the deceased participant. All the vested options shall be permitted to be exercised within 36 months from the date of death.

### **13.2 On disability / permanent incapacity of a Participant:**

In the event of a total or permanent incapacity (i.e. in capacity to engage in work as a result of sickness, mental disability or otherwise or by reason of accident), all the options granted to him as on the date of permanent incapacitation, shall vest in him immediately on that date. All the vested options shall be permitted to be exercised within 36 months from the date of such disability / permanent incapacity of a Participant.

### **13.3 On Attainment of Superannuation age:**

In case the service of the Participants with the Company is terminated due to retirement on superannuation, all the Unvested Options shall lapse on the date of attainment of superannuation age. All the Vested Options shall be permitted to be exercised within 36 months.

### **13.4 Termination with cause:**

Notwithstanding anything contained contrary in this Scheme, in case the termination of employment of a Participant with the Company is with cause (i.e., negligence, fraud, professional misconduct, moral turpitude etc.), the contract referred to in clause 9.2 above shall stand automatically

terminated and the Participant's Options (vested as well as unvested) shall lapse on the termination date.

### **13.5 Other termination:**

In case the service of the Participant with the Company is terminated due to resignation of the Participant from the Company or otherwise (except as mentioned in clause 13.1, 13.2, 13.3, 13.4), all the Vested Options as on that date shall be permitted to be exercised within 30 (Thirty) days from the date of termination. All Unvested Options on the date of termination shall lapse.

### **13.6 Long leave:**

Long leave of the Participant shall not have any effect on the Scheme as applicable to the Participant.

14. 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 such transfer or deputation.

## **15 NOTICES AND CORRESPONDENCE**

- 15.1 Any notice, required to be given by a Participant to the Company/Committee or any correspondence to be made between a Participant and the Company/Committee, the same may be given or made to the Company/Committee at the registered office of the Company.

- 15.2 Any notice, required to be given by the Company/Committee to a Participant or any correspondence to be made between the Company/Committee and a Participant, shall be given or made by the Company/Committee on behalf of the Company at the registered address provided by the Participant in his acceptance form.

## **16 REORGANISATION OF CAPITAL STRUCTURE AND OTHER CORPORATE ACTIONS**

- 16.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, and such event arises from any Corporate action, then, in any such case, the Company may make a corresponding fair and reasonable adjustment, if any, to:

For Grandeur Products Limited  
*Priyanka Kuran*  
Company Secretary



- a) The number or nominal amount of Shares to which this Scheme or any Option(s) relates (insofar as it is / they are unexercised); and / or
- b) The Exercise price of any Option; and / or
- c) Unless the relevant Grantee elects to waive such adjustment, the number of Shares comprised in an Option or which remain comprised in an Option; and / or
- d) The method of Exercise of any Option; and / or
- e) The maximum number of Shares referred to in Clause 6 above, provided that:
  - Any such adjustment shall give the Participant the same proportion of the issued share capital of the Company for which such Participant would have been entitled to subscribe had he Exercised all the Options held by him immediately prior to such adjustment;
  - Any such adjustment shall be made on the basis that the aggregate Exercise price payable by a Participant on the full Exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
  - Any such adjustment shall be made in accordance with the SEBI Regulations;
  - No such adjustment shall be made, the effect of which would be to enable a Share to be issued at less than its face value; and
  - The issue of Shares or other securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

**16.2** In the event of any Corporate action, as contemplated by the SEBI Regulations, including (without limitation) rights on a general offer, rights on compromise, arrangement, reconstruction or amalgamation, rights where a person becomes bound or entitled to acquire shares and rights where there is a change in control of the Company, which is not contemplated by Clause 16.1 above, the Committee may, subject to the provisions of this Scheme and applicable laws, adjust the number of Options (Vested as well as Unvested) or the Exercise price in respect of the Options or the Vesting Period or the Exercise period or take one or more of the foregoing actions as it deems appropriate in accordance with the SEBI Regulations while ensuring that the interests of the Option holders are protected.

For Grandeur Products Limited  
*Priyanka Laman*  
 Company Secretary

**16.3** The existence of the Scheme and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the Company to make or authorise any 'Change in the Capital Structure' or any 'Corporate Action' including any issue of shares, debt or other securities having any priority or preference with respect to the shares or the rights thereof.

**16.4** In case of change in Capital Structure / Corporate Action, the decision of the Compensation Committee shall be final and binding.

## **17 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 (Company/Committee and Participant/Eligible Employee) 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 (Thirty) days, gives 10 (Ten) 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 Hyderabad, India, under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof for the time being in force. 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 Hyderabad.

## **18 GOVERNING LAW**

**18.1** This Scheme and all agreements hereunder shall be governed by and construed in accordance with the applicable laws of India.

**18.2** The Participant agrees and acknowledges that the Participant 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 Regulations or any other applicable law or other Indian regulations shall not apply to the extent it is contrary.

For Grandeur Products Limited  
*Priyanka kumar*  
Company Secretary



## 19 MODIFICATION OF SCHEME

Subject to the Special resolutions passed at a General meeting and obtaining of approvals from the concerned authorities, if any, the Committee may at any time and from time to time:

- a) Revoke, add, 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 Participants;
- b) Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Participants. Each of such sets of special terms and conditions shall be restricted in its application to those Participants;
- c) Alter the formula for calculation of Exercise price, if the Option becomes unattractive due to fall in Market price of the Share.

Provided that no variation, alteration, addition or amendment to the Scheme can be made if it is detrimental to the interest of the Participant / Grantee.

## 20 MISCELLANEOUS PROVISIONS

**20.1** The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in after such Exercise. However, the transferability of the Shares after Listing shall be subject to the restriction for such period in terms of the Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended, enacted, or re-enacted from time to time or for such other period as may be stipulated from time to time in terms of Company's Insider Trading Code of Conduct.

**20.2** The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

**20.3** After Listing, the Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features of the Scheme in a format as prescribed under SEBI (SBEB) Regulations, 2014.

For Grandeur Products Limited

Priyanka Kumar  
Company Secretary



- 20.4** The Company shall disclose details of Grant, Vest, Exercise and lapse of the Employee Stock Options in the Directors' Report or in an annexure thereof as prescribed under the Companies Act read with Rules made thereunder and SEBI (SBEB) Regulations, 2014.
- 20.5** After Listing, the Board shall at each annual general meeting place before the Shareholders a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI (SBEB) Regulations, 2014 and in accordance with the resolution passed by the Company in the general meeting.
- 20.6** This Scheme shall not form part of any contract of employment between the Company and any Participant, and the rights and obligations of any Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such a Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.
- 20.7** This Scheme shall not confer on any person any legal or equitable rights against the Company or the Committee, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or the Committee.
- 20.8** The Company or Committee shall be entitled to file this Scheme with such authorities and persons as it may be required under law to file or where it deems fit.
- 20.9** The Company or Committee shall bear the costs of establishing and administering this Scheme, including any costs of the Company's auditors or any independent financial advisers, Merchant Bankers, Chartered Accountants, Company Secretaries, in relation to the preparation of any confirmation by them or provision of any other service in relation to this Scheme.
- 20.10** A Grantee shall, before accepting a Grant, obtain all necessary consents that may be required to enable him to accept the Grant and the Company to allot and issue to him in accordance with the provisions of this Scheme, the Shares due to be allotted and issued upon the Exercise of his Vested Options. By accepting a Grant and/or submitting the Exercise form, the Participant thereof is deemed to have represented to the Company or the Committee that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an Acceptance of a Grant by a Grantee.

For Grandeur Products Limited

*Priyanka Kumar*  
Company Secretary

- 20.11** By accepting a Grant, a Grantee expressly acknowledges that the Grant of Option does not constitute guarantee or continuity of employment and the Company shall reserve the right to terminate the employment of Grantee with the Company in accordance with the terms of employment. Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Scheme.
- 20.12** The Acceptance of the Grant is entirely voluntary and the Company or the Committee does not guarantee any return on Shares.
- 20.13** The employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Scheme, the Grant, the Company's Option Agreement or any connected matter. Any violation may result in cancellation of Grant without prejudice to the other action which may be taken in this regard.
- 20.14** Nothing contained in the Scheme shall be construed to prevent the Company from implementing any other new Employee Stock Option Scheme, directly or through any trust settled by Company which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Scheme or any Grant made under the Scheme. No employee or other person shall have any claim against the Company as a result of such action.
- 20.15** Nothing contained in the Scheme shall be construed to prevent the Company from taking any Corporate Action, whether or not such action would have an adverse effect on the Scheme or any Grant made under the Scheme. No employee or other person shall have any claim against the Company or the New Company / New Entity that is formed or takes over a part of whole of the business of the Company, as a result of such action.
- 20.16** In the event of a dissolution or liquidation, the Compensation Committee shall inform each employee, as soon as practicable/permissible under applicable laws, of any proposed dissolution or liquidation. The Compensation Committee shall also permit the employee to exercise his vested Options until 15 (fifteen) days prior to such dissolution or liquidation.

For Grandeur Products Limited

*Priyanka Kurani*

Company Secretary



- 20.17** This Scheme 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.
- 20.18** This Scheme shall be valid till all the Options are granted by the Compensation Committee to the eligible employees of the Company and till such options exercised/lapsed as the case may be and are listed on the Stock Exchange.
- 20.19** In the event that any term, condition or provision of this Scheme being held to be a violation of any applicable laws, statute or regulation, the same shall be severable from the rest of this Scheme and shall be of no force and effect and this Scheme shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Scheme.
- 20.20** An Option Grantee must keep the details of the the Scheme and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Clause on confidentiality, the Company has undisputed right to terminate any Agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board shall have the authority to deal with such cases as it may deem fit.
- 20.21** On acceptance of the grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Scheme or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

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CERTIFIED TRUE COPY  
For Grandeur Products Limited  
Priyanka Kaur  
Company Secretary