

A hand holding a magnifying glass over a document, symbolizing investigation or scrutiny.

## Employee Stock Option Plan 2012

Rajshree Sugars & Chemicals Limited

## **Rajshree Sugars & Chemicals Limited**

*'The Uffizi'*, 338 Avanashi Road, Peelamedu, Coimbatore 641 004, India.

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## 1. Name, Objective and Term of the Plan

- 1.1 This Employee Stock Option Plan shall be called the RSCL Employee Stock Option Plan 2012 hereinafter referred to as "ESOP 2012".
- 1.2 The objective of the ESOP 2012 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Plan to attract and retain talent in the organization. The Company views employee stock options as an instrument that would enable the Employees to share the value they create for the Company in the years to come.
- 1.3 The ESOP 2012 is established with effect from October 10, 2012 and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the options available for issuance under the ESOP 2012 have been issued and exercised, whichever is earlier.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2012.

## 2. Definitions and Interpretation

### 2.1 Definitions

- i. **"Applicable Law"** means every law relating to Employee Stock Options, including, without limitation to, the Companies Act, 1956, Securities Exchange Board of India Act, 1992, the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the shares are listed or quoted.
- ii. **"Board"** means the Board of Directors of the Company.
- iii. **"Companies Act"** means the Companies Act, 1956 and includes any statutory modifications or reenactments thereof.
- iv. **"Company"** means Rajshree Sugars & Chemicals Limited a company incorporated under the provisions of the Companies act, 1956 having its registered office at *'The Uffizi'*, 338 Avanashi Road, Peelamedu, Coimbatore 641 004, India.

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- v. **“Company Policies/Terms of Employment”** means the Company’s policies for the Employees and the terms of employment as contained in the Employment Letter and the Company Handbook, which includes provisions for securing confidentiality, non-compete and non-poaching of other Employees and customers.
- vi. **“Compensation Committee”** means a Committee constituted/ empowered by the Board of Directors of the Company from time to time to administer ESOP 2012.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“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.
- ix. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) a Wholetime Director of the Company; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of a Subsidiary company, in India or out of India, or of a Holding company of the Company, but excludes
  - a. an employee who is a Promoter or belongs to the Promoter Group;
  - b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company.
- x. **“Employee Stock Option” or “Option”** means the option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- xi. **“ESOP 2012”/ “Scheme”/ “Plan”** means this RSCL Employee Stock Option Plan 2012 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xii. **“Exercise”** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in

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pursuance of the ESOP 2012, in accordance with the procedure laid down by the Company for exercise of options.

- xiii. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the options vested in him in pursuance of the ESOP 2012.
- xiv. **“Exercise Price”** means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP 2012.
- xv. **“Grant”** means issue of Options to the Employees under the ESOP 2012.
- xvi. **“Market Price”** means the latest available closing price, prior to the date of meeting of the Board/Compensation Committee, in which options are granted, on the stock exchange on which the shares of the company are listed. In case shares are listed on more than one stock exchange, then the stock exchange where the highest trading volume on the said date shall be considered.
- xvii. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2012.
- xviii. **“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 which the said Employee was capable of performing immediately before such disablement, as determined by the Compensation Committee based on a certificate of a medical expert identified by the Board.
- xix. **“Promoter”** means (a) the person or persons who are in over-all control of the company; (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; (c) the person or persons named in the offer document as promoter(s). Provided that a director or officer of the Company, if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- xx. **“Promoter Group”** means (a) an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the promoter group”.

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- xxi. **“Recognized Stock Exchange”** means the National Stock Exchange, Bombay Stock Exchange or any other recognized Stock Exchange in India on which the Company’s Shares are listed or to be listed.
- xxii. **“Retirement”** means retirement as per the rules of the Company.
- xxiii. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxiv. **“SEBI Guidelines”** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended from time to time and includes all regulations and clarifications issued there under.
- xxv. **“Shares”** means Equity Shares of the Company arising out of the exercise of Employee Stock Options granted under the ESOP 2012.
- xxvi. **“Trust”** means Rajshree Sugars & Chemicals Limited’s ESOP Trust in the nature of Employee Benefit Trust, which may be set-up by the Company for the benefit of the employees of the Company and which may from time to time administer the Plan, acquire, hold and transact in cash, shares or other securities of the company as per Applicable Laws for the purposes of ESOP 2012 or any of the Employee Stock Option Plans of the Company.
- xxvii. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options granted to him in pursuance of the ESOP 2012.
- xxviii. **“Vesting Condition”** means any condition subject to which the options granted would vest in an Option Grantee.
- xxix. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2012 takes place.
- xxx. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.

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xxxi. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

### **2.2 Interpretation**

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

### **3. Authority and Ceiling**

- 3.1 The Shareholders in their meeting held on October 10, 2012 have resolved to issue to the employees of the Company, Employee Stock Options under ESOP 2012 exercisable into not more than 1,189,585 Equity Shares of face value of Rs. 10 each fully paid up with each such Option conferring a right upon the Employee to apply for one Equity Share in the Company, in accordance with the terms and conditions of ESOP 2012.
- 3.2 If an Employee Stock Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Stock Options pool and shall become available for future grants, subject to compliance with all Applicable Laws.
- 3.3 Where Shares are issued consequent upon exercise of an Employee Stock Option under the ESOP 2012, the maximum number of Shares that can be issued under ESOP 2012 as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.4 In case of a share split or consolidation, if the revised face value of the Equity Shares is less or more (as the case may be) than the current face value as prevailing on the date of adoption of this Plan by the Board, the maximum number of shares available for being granted under ESOP 2012 as specified above shall stand modified accordingly, so

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as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such share split or consolidation re

3.5 s unchanged after such share split or consolidation. Thus, for instance, if the prevailing face value of each share is Rs. 10 per share and the revised face value after the share split is Rs. 5 per share, the total number of shares available under ESOP 2012 would be ('X' x 2) Equity Shares of Rs 5 each where 'X' is the quantity of shares approved by the Shareholders for grant purposes. Similarly, in case of bonus, rights issue, etc., fair and reasonable adjustment shall be made as to the available number of shares and/or the exercise price under ESOP 2012.

### **4. Administration**

4.1 The ESOP 2012 shall be administered from time to time by the Compensation Committee. All questions of interpretation of the ESOP 2012 shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2012. The administration may also be entrusted to an ESOP Trust set-up by the Company.

4.2 The Compensation Committee shall in accordance with this Plan and Applicable Laws determine the following:

- (a) The quantum of Employee Stock Options to be granted under the ESOP 2012 per Employee, subject to the ceiling as specified in Para 3.1;
- (b) The Eligibility Criteria of the Employees for being covered in ESOP 2012;
- (c) Terms and conditions for grant of options to employees, which may be different for different employees or different class of employees falling in the same tranche of grant of options issued under ESOP 2012;
- (d) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock consolidation, rights issues, bonus issues and others;
- (e) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Options in general and in case of Employees who are on long leave;
- (f) The procedure for cashless exercise of Employee Stock Options, if required;

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- (g) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2012.

### **5. Eligibility and Applicability**

- 5.1 Only employees are eligible for being granted Employee Stock Options under ESOP 2012. The specific employees to whom the options would be granted and their Eligibility Criteria would be determined by the Compensation Committee.
- 5.2 The Plan shall be applicable to the Company, its Subsidiary companies in India and abroad, its holding Company and any successor company thereof and may be granted to the Employees and Wholetime Director/s of the Company, its subsidiaries and its holding company, as determined by the Compensation Committee at its own discretion.

### **6. Vesting Schedule / Conditions**

- 6.1 Options granted under ESOP 2012 would vest not less than one year and not more than five years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and thus the options would vest on passage of time. In addition to this, the Compensation Committee may also specify certain performance parameters subject to which the options would vest.
- 6.2 The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of grant of options.

### **7. Exercise**

#### **7.1 Exercise Price:**

- (a) The Exercise Price shall be up to maximum of 50% discount to the Market Price of the Equity Shares as on date of grant.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, ESOP Trust, or in such other manner and subject to such procedures as the Compensation Committee may decide.

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### 7.2 Exercise Period:

(a) **While in employment:**

The Exercise period would be a maximum of 4 years from the date of vesting of options.

(b) **Exercise period in case of separations -**

Separations	Unvested Options	Vested Options
<b>Resignation</b>	All the Unvested Options as on date of resignation shall be <b>cancelled.</b>	All the Vested Options up to the date of resignation may be exercised <b>before the last working day</b> of the Option Grantee in the Company.
<b>Retirement / Early Retirement as approved by the Company</b>	All the Unvested Options as on date of such retirement shall be <b>cancelled.</b>	All the Vested Options up to the date of such retirement may be exercised <b>within 3 months</b> from the last working day of the Option Grantee in the Company.
<b>Death</b>	All the Unvested Options as on date of death of the Option Grantee may be exercised by deceased Option Grantee's legal heirs or nominee <b>within 12 months</b> from the date of death.	All the Vested Options up to the date of death may be exercised by the deceased Option Grantee's legal heirs or nominee <b>within 12 months</b> from the date of death.
<b>Permanent Disability</b>	All the Unvested Options as on date of such termination may be exercised by the Option Grantee <b>within 6 months</b> from the date of such disability.	All the Vested Options up to the date of such termination may be exercised by the Option Grantee <b>within 6 months</b> from the date of disability.

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	In case of Option Grantee's death, his nominee or legal heirs may exercise the options <b>within 12 months</b> from the date of death.	In case of Option Grantee's death, his nominee or legal heirs may exercise the options <b>within 12 months</b> from the date of death.
<b>Termination due to misconduct or due to breach of company policies or the terms of employment</b>	All the Unvested Options as on the date of such termination shall stand <b>cancelled</b> with effect from that date.	All the Vested Options which were not exercised at the time of such termination shall stand <b>cancelled</b> with effect from the date of such termination.
<b>Abandonment*</b>	All the Unvested Options as on the date of such termination shall stand <b>cancelled</b> .	All Vested Options as on the date of such termination shall stand <b>cancelled</b> .
<b>Any other event not specified above</b>	The Compensation Committee at its sole discretion shall decide the treatment of Unvested Options and such decision shall be final and binding.	The Compensation Committee at its sole discretion shall decide the treatment of the Vested Options and such decision shall be final and binding.

\* The Compensation Committee, at its sole discretion shall decide the date of cancellation of options stand such decision shall be binding on all concerned.

(c) The options not exercised within the above period shall lapse/cancel and the employee shall have no right over such lapsed or cancelled options.

### 8. Lock-in

The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

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### **9. Exit route in case of De-listing**

If the company gets de-listed from all recognized stock exchanges then the Board shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options.

### **10. Other Terms and Conditions**

10.1 The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted on Exercise of such Employee Stock Option.

10.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc) in respect of any Shares covered by the Grant unless the Option Grantee exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.

10.3 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of options or the exercise price or both would be made in accordance with Clause 4.2(d) of ESOP 2012.

10.4 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7.2 (b) would apply.

10.5 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee holder, in which case clause 7.2 (b) would apply.

10.6 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

### **11. Deduction of Tax**

The Company shall have the right to deduct from the employee's salary, any of the employee's tax obligations arising in connection with the Employee Stock Option or the Shares acquired upon the exercise thereof. The Company shall have no obligation to

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deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

### **12. Authority to vary terms**

12.1 Terms of ESOP 2012 can be varied by the Compensation Committee after getting approval for such modification from the shareholders of the Company in a general meeting. The modification should be in the interest of the employees.

12.2 The special resolution for the variation should disclose the details of the variation, the rationale therefore and details of the employees who are beneficiary of the same.

### **13. Miscellaneous**

#### **13.1 Government Regulations**

This ESOP 2012 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOP 2012 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

#### **13.2 Inability to obtain authority**

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

13.3 The grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Employee Stock Option granted to him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

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

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- 13.5 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 13.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

### **14. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2012 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP 2012 shall be sent to the address mentioned below:

**Contact Person: M Ponraj**

**Designation : Company Secretary**

**Address : Rajshree Sugars & Chemicals Limited**

*'The Uffizi'*, 338/8 Avanashi Road,  
Peelamedu, Coimbatore 641 004, India.

### **15. Governing Law and Jurisdiction**

- 15.1 The terms and conditions of the ESOP 2012 shall be governed by and construed in accordance with the laws of India.
- 15.2 The Courts of Coimbatore, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2012.
- 15.3 Nothing in this clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2012:

(i) in any other court of competent jurisdiction; or

(ii) con-currently in more than one jurisdiction.

### **16. Income Tax Rules**

The provisions of the Income Tax Laws and Rules in force shall be applicable.