Adrenalin eSystems Limited
Regd Office: Carex Centre, No.244, Anna Salai, Chennai 600 006.

EMPLOYEES STOCK OPTION SCHEME, 2015 (ESOP 2015)

Preamble: During the Extra Ordinary General Meeting of the Company, held on October 8 2015, members of the Company have approved a resolution for the Stock Options, called the Employees Stock Option Scheme, 2015 (ESOP 2015), for the benefit of employees of the Company. The resolution also accorded approval for the Board of Directors of the Company, to formulate the plan as per broad parameters outlined in the resolution.

Accordingly, the Board of Directors of the Company have formulated the Employees Stock Option Scheme, 2015 (ESOP 2015), details of which are furnished hereunder:

1. **Purpose of the ESOP Scheme:** The ESOP 2015 provides extending an option to the employees to acquire shares of Adrenalin eSystems Limited, at a pre-determined price, as a way of employee compensation in recognition of their contribution to the overall performance, making them owners of the Company by virtue of such shareholding and as an incentive for higher performance levels.

2. **Role and Functions of the Board in connection with ESOP 2015:**

   (a) The Board is empowered to formulate detailed terms and conditions of the ESOP 2015, administer and supervise the same.

   (b) The Board shall meet for the purpose of administering the ESOP 2015 as and when required.

   (c) The Board shall have powers to review the ESOP 2015 annually and recommend appropriate changes in the terms and conditions of the ESOP 2015, if any, required in cases such as:

   - the implemented ESOP 2015 does not fulfill the objectives set out for the ESOP scheme

   - there are changes in legislation, which need to be incorporated in the ESOP Scheme

   - such changes facilitate effective implementation or improvement of the ESOP Scheme

   - such changes are for the welfare of the Employees

   (d) The Board shall ensure that the ESOP 2015 is implemented in accordance with the provisions of the Companies Act 2013, as amended from time to time.

3. Administration of the ESOP 2015:

Notwithstanding anything stated herein, but subject to the terms of the resolution passed by the Members at the Extra Ordinary General Meeting of the Company held on October 8, 2015 approving the issue of Shares to the Employees under an Employees Stock Option Scheme, the Board, in its absolute discretion has been authorized to determine all the terms governing the ESOP 2015 including any variation thereof and including but not limited to:

- determining the Employees amongst the categories of Employees to whom the Options are to be granted;
- the time when the Options are to be granted;
- 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 quantum of Options to be granted at various points in time;
- the criteria for determining the number of Options to be granted to Employees;
- the number of Options to be granted to each Employee;
- determining the Exercise Price, on the basis of the valuation of the company by external professional consultants;
- the terms and conditions subject to which the Options granted would vest in the Employee;
- the date of vesting of the Options granted;
- the terms and conditions subject to which the Options vested would be exercised by the Employee;
- the date within which the Options have to be exercised by the Employee;
- the number of Options to be apportioned / allocated for various grades of Employees;
- assignment of weightage to Company's performance, level/grade of Employee and such other criteria as may be determined by the Board;
- the number of Options reserved, if any, for Granting to new Employees who would join the services of the Company;

- deciding the treatment of unvested Options upon termination of employment or upon a director ceasing to hold office; deciding adjustments to Grant size and Exercise Price of Options in case of bonus issue or rights issue or Share split or consolidation of Shares;

- obtaining permissions from, making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the ESOP Scheme;

- framing appropriate procedures for granting, vesting and exercising of Options;

- arranging to get the shares, issued under the ESOP 2015 listed in the Stock Exchanges, if listed in future;

4. Coverage of the ESOP 2015:

i) The ESOP 2015 shall extend to all permanent employees on the rolls of the Company as on September 30, 2015, who satisfy the following eligibility criteria:

- Employees who have completed one year of service as on September 30, 2015.

- Other Employees, including new recruits, as may be decided by the Board.

- Directors of the Company or its Holding Company or Subsidiary Companies.

ii) The ESOP 2015 shall not extend to any promoter or those belonging to the promoter group or to any director, who either by himself or through his relative(s) or through any body corporate, directly or indirectly, holds more than 10% stake in the Company.

iii) The ESOP 2015 supersedes all the earlier ESOP Schemes of the Company and the employees who have not exercised the option to take stocks under the earlier schemes lose their rights.

5. **Ceiling on aggregate number of options:** Options may be granted, from time to time, to such employees and in such numbers as may be decided by the Board, subject to the stipulation that the aggregate number of shares issued and allotted under the ESOP 2015 shall not exceed 1,000 shares.

6. **Ceiling on number of options per employee:** No employee shall be issued options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of issuance, except with the specific approval of Board.

7. Basis of grant of number of options to particular employees :

Board would determine the number of options to be granted to various employees, cadre-wise or on a case by case basis, based on broad parameters like past and current performance and potential of the individual and criticality of the position. Decision of the Board with regard to eligibility criteria or the number of Options granted to particular employees shall be final and it shall not be disputed.

8. **Grant procedure:** All the employees who have completed one year service with the Company are eligible for grant of stock option and shall be furnished with (i) the salient features of the ESOP 2015 (ii) an Application Form for exercising the option at the appropriate time.

9. Option Exercise Price: The options would be issued at a price which will be decided by the Board from time to time.

10. Agreement: An agreement shall be entered into by and between the company, represented by its Managing Director and the Employee participating in the ESOP 2015, containing the mutual rights and obligations of either party under the ESOP 2015.

11. **Tranches of Grant:** To begin with, in case of employees who are granted options for upto 1,000 shares, the options will be granted in two tranches spread over a period of two years. In case of Employees who are granted options above 1,000 shares, the options will be granted in three tranches, spread over a period of three years. For all subsequent grants of options, the Board would decide on the number of tranches and the intervening period between two options. The options shall vest for a minimum period of one year from the date of Grant of option. The Employee has to exercise the option during the Exercise Period.

12. Issue of Options:

- The Options are not transferable. Only the employee may exercise the options and apply for issue of shares in his own name. The Options issued to the Employees shall always be convertible into Shares.

- An Option cannot be pledged / hypothecated / mortgaged or otherwise alienated in any other manner.

- In the event of death of an Employee while in employment, all Options granted to him till such date shall vest in the legal heirs or nominees of the deceased employee. All other terms and conditions of the ESOP 2015 shall apply to such options. Legal Heirs/ Nominees have to exercise the option within the exercise period.

- In the event of Permanent Disability of an Employee, all Options granted to such employee as on date of permanent disability would vest in him on that day. The option would be exercisable at any time within the exercise period.

- In the event of termination or resignation of the Employee, all options not vested as on that day shall expire and in respect of vested options in such a case, the Employee shall exercise his option before being relieved from the services of the Company.

- Vested options shall lapse with immediate effect in case of termination of the employee from the services for reason of misconduct.

- Where the Employee is on long leave, the grant, vesting, exercise of the constituted option will be through a duly attorney of the Employee. If the Employee does not appoint a constituted attorney, grant, vesting and exercise of the option will be decided by the Board.

- In the event of severance of employment of an Employee as a part of reconstitution / amalgamation / sell-off or otherwise all Options granted to him would vest immediately and the Employee will have to exercise the Options within a period of 3 months from the date of severance. In the event that the Options are not exercised within this period, the Options would lapse.

- In the event of an Employee being transferred to another Company in the Group or under Same Management, at instance of or with consent of the Company, the Employee will continue to hold all Vested Options and will have to exercise the Options within the exercise period. All Unvested Options shall vest as per the vesting schedule. The Options can be exercised at any time within the Exercise Period.

- In the event of retirement of an Employee at the instance of or with consent of the Company, Employee will continue to hold all Vested Options and can exercise them anytime within the Exercise Period. All Unvested Options shall vest as per the Vesting Schedule. The Options can be exercised at any time within the Exercise Period. The above is applicable provided the Employee does not enter into competition / is employed by a competitor.

13. Exercise of Options:

Each entitles holder thereof to apply for and be allotted such number of equity shares as may be decided by the Board at its discretion on payment of the Exercise Price during the Exercise Period. It the day of exercise happens to be a holiday, then the same will be presumed to be exercised on the next working day of the Company.

14. Vesting Period and Exercise Period:

The Options granted by the Board shall vest over a period of 3 years in the following manner:

30 % of the options at the end of one year from the date of grant.

30 % of the options at the end of the two years from the date of grant.

40 % of the Options at the end of the three years from the date of grant.

(a) The Options other than those vested in the first lot, shall vest on half yearly basis. The options under the first lot shall vest at the end of one year from the date of grant.

(b) Subject to the provisions of sub clause (c) herein below, at the end of each Vesting Period, the employee has a period of 2 years to exercise the Options covered under the said Vesting Period.

(c) Options not exercised during any particular exercise period, can be carried forward to the subsequent exercise period(s), provided however that all the Options, have to be exercised within a period of 2 years from the date of the vesting period in respect of the final lot, after which any unexercised options shall lapse.

(d) In the event of an employee ceases from the services of the Company or its subsidiaries by reason of resignation or termination (except for reason of misconduct), the entire lot of the unexercised vested options shall have to be exercised within a maximum period of 90 days from the cessation of the employment and if the options are not so exercised, they shall lapse.

15. Bonus Issue:

In the event of a bonus issue of securities being made by the Company during the Vesting Period the Option Grantee would be entitled to apply for and be allotted proportionately higher number of Options, in relation to the Unvested Options only, exercisable on the same terms as of the original Options except the Exercise Price. The Per Option Exercise Price of aggregate of Original Options and Bonus Options will be the aggregate Exercise Price of the number of Options eligible for Grant of Bonus Options, divided by the aggregate number of Original Options (eligible for Bonus Options) and Bonus Options. For the purpose of the Vesting Period and Exercise Period, the Bonus Options will be treated at par with the Original Options on which the Bonus Options have been issued. As regards vested but unexercised Options the employee would be entitled to immediately exercise the Options irrespective of the stipulation regarding exercise. In case the Employee does not exercise the vested Options 2 weeks before the Record Date fixed by the Board of Directors for determining Shareholders eligible for Bonus Shares, the Employee would not be eligible for the above said Bonus Options.

16. Adjustments:

The Board will introduce the procedure for making a fair and reasonable adjustments to the number of options and the exercise price, when corporate actions such as rights issue or bonus issues are initiated.

17. Conversion of Options:

The Option grantee may exercise the granted options as per lots offered during the respective vesting periods or cumulatively during the subsequent period, but within the overall exercise period. The options may be exercised only in full in respect of the shares comprised in each lot covered by the options and not any part of those lot. The exercise option shall entitle issuance of shares by the company in physical or electronic form as per the option of the option grantee.

18. Transfer of Options:

The Options held by the Option Grantee are not transferable. The Option Grantee shall not pledge / hypothecate / charge / mortgage / assign or in any other manner alienate or dispose off the Options.

19. Restrictions on Rights of Option Holders:

The Option Grantees are not entitled to any rights which the Shareholders enjoy including voting rights and rights in the Company as to dividend prior to conversion of Options into Shares and Board may also stipulate lock in period for the Shares issued pursuant to exercise of Options.

20. Consequence of failure to Exercise Option:

The amount payable by the Employee, if any, at the time of Grant of Option:-

may be forfeited by the Company if the Option is not exercised by the Employee within the Exercise Period; or
the amount may be refunded to the Employee if the Options are not vested due to non-fulfillment of any condition relating to vesting of Option as per the ESOP 2015.

21. Issue of Shares:

After the Options are converted into Shares pursuant to exercise of the Options, the Shares issued to the Employee shall be subject to the terms and conditions as mentioned below.

22. Ranking of Shares:

The Shares issued on the exercise of Options shall rank pari-passu with all the existing equity shares of the Company. The Shares issued on the exercise of Options shall be eligible for dividend from the date of their allotment and pro-rata for the financial year for which the dividend is declared.

23. Listing of Shares:

The Shares issued on exercise of the Options shall be listed on all the stock exchanges and will be subject to terms and conditions of the listing agreements with the stock exchanges in addition to the terms and conditions of the ESOP 2015.

24. Buy-back:

The Shares issued pursuant to any exercise of Options, along with other Shares issued by the Company, subject to applicable law and procedure, be subject to an approved scheme of buy-back by the Company.

25. FEMA:

Where the Employee is, at the time of the issue of Shares pursuant to the ESOP 2015, a resident outside India, the issue will be made according to applicable provisions of the Foreign Exchange Management Act, 1999 (FEMA).

26. Tax Liability:

In the event of any tax liability, including any tax liability due to change in the tax laws relating to the ESOP S2015, arising on account of the issue of the Options / conversion into Shares / sale of Shares or any other event, to the Employee, such tax liability shall be that of the Employee alone. In the event of any tax liability, including any tax liability due to change in the tax laws relating to the ESOP 2015, the Company on the advise of the Board shall have the right to call upon the Employees to pay.

27. Changes in the terms and conditions of the ESOP 2015:

The Company or the Board may at any time as the case may be at its discretion change the terms and conditions of the ESOP 2015. This change however will not be to the detriment of the Option Grantee.

28. Benefits and obligations as Option Grantee:

Where the Options have been vested or not been vested, should any changes be made to the par value of the equity Share of the Company by reason of consolidation, sub-division, or conversion of Shares into Stock, appropriate adjustments shall be made either to the number of Options or the Exercise Price of Options granted, to reflect such change without in any way affecting the rights of the said Option Grantee, and also prevent a dilution or enlargement of benefits of the ESOP 2015.

Where the Options have been vested or not been vested, should the equity share capital of the company be increased by capitalization by bonus issue, appropriate adjustments shall be made either to the number of Options or the Exercise Price of Options granted, to reflect such change without in any way affecting the rights of the said Option Grantee, and also prevent a dilution or enlargement of benefits of the Scheme.

In the event of (1) a merger or amalgamation in which the Company is not the surviving entity or (2) a reverse merger in which the Company is the surviving entity but the Shares of the Company's un-issued Share capital immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise, then, to the extent permitted by the applicable law, any surviving entity shall assume any Options outstanding under the ESOP 2015 or shall substitute similar Options for those outstanding under the ESOP 2015. In the event any surviving entity refuses to assume or continue such Options or to substitute similar Options for those outstanding under the ESOP 2015, then such Vested Options shall be terminated if not exercised prior to such event. In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the ESOP 2015 shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.

The Employee who is a participant under the ESOP 2015 shall not divulge the details of the ESOP 2015 and his/her holdings to any person except with the prior permission of the Company obtained in writing.

The Employee shall not under any circumstances assign or transfer his rights or obligations under the ESOP 2015 to any third party, without the consent in writing by the Company. However, he may bequeath the same by means of a legally executed Will.

Decision of Board shall be final and binding with respect to any of the matters set out herein.

29. General Risks:

Participation in this ESOP 2015 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investments is that of the Employee alone.

30. Rights Issue:

In the event of a rights issue of securities being made by the Company during the Vesting Period, adjustment, if any, to the Exercise Price and number of Options of the said Option Grantee would be decided by the Board at its absolute discretion.

31. Option of Conversion:

The Option Grantee may exercise the granted Option in part or in whole and the exercise of Options shall entail issuance of Shares by the Company in physical or electronic form as per the Option of the Option Grantee.

32. Appointment of Nominee:

The Employee may appoint his spouse and / or children (in the case of minor children through a guardian) as nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the ESOP 2015. The Employee concerned shall appoint such nominee(s), by executing a Nomination Form as prescribed by the Company. The Employee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. If the Employee does not have a spouse or a child, any other person may be nominated. The nominee specified as aforesaid shall alone be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs inter se of the Employee concerned. In the absence of nomination or in the event of death of the nominee before exercising the options under the ESOP 2015, the legal heirs of the Employee shall have the right to exercise the options as vested on the Employee on his death.

33. Period of the ESOP 2015:

Unless otherwise determined by the Board, the maximum period within which the options shall be vested is upon the completion of 3 years from the date of Grant of Options and the exercise period shall lapse not later than 3 years from the date of the final vesting period.

For and on behalf of the
Board of Directors of
Adrenalin eSystems Limited

Balaji Ganesh
Managing Director