



PPAP Automotive Limited Employee Stock Option Plan 2022

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STATEMENT OF RISKS

An investment in Equity Shares / Options are subject to risk as the value of Equity Shares may go down or go up. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making investment in the Equity Shares of the Company. If profitability and financial condition of the Company gets affected, the price of our Equity Shares / Options could also decline, and you may lose all or part of your investment in the Equity Shares / Options. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks.

In addition, Options are subject to the following additional risks:

- 1. Concentration:** The risk arising out of any fall in value of Shares is aggravated if the Employee's holding is concentrated in the Shares of a single Company.
- 2. Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Options.
- 3. Illiquidity:** The Options cannot be transferred to anybody and therefore the Employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
- 4. Vesting:** The Options will lapse if the employment is terminated prior to vesting. Even after the Options are vested, the unexercised Options may be forfeited if the Employee is terminated for gross misconduct.
- 5. Industry Specific Risks:** Change in government regulations or their implementation could disrupt the operations and adversely affect the business and results of the Company, due to which Company may incur increased cost and penalties.
- 6. Dynamic scenario:** Change in technology may render our current technology obsolete and require us to make substantial investment which could affect the Company finance and operation.

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

1.1 This Employee Stock Option Plan shall be called '**PPAP Employee Stock Option Plan 2022**' ("**ESOP 2022**")/ ("**Plan**").

1.2 The objectives of the ESOP 2022 is to reward the Employees for their association and performance, to motivate the them to contribute to the growth and profitability of the Company, to create a variable pay structure for the different employees, incentivize them in line with Company's performance, to retain and motivate senior andcritical human resources, to promote loyalty to the Company and to achieve sustained growth and create Shareholder's value by aligning the interests of the Employees with the long-term interests of the Company.

1.3 The ESOP 2022 is established with effect from date of shareholders' approval dated 16th September, 2022 on which the shareholders of the Company have approved it and shall continue to be in force until (i) its termination by the Board/ Committee as per provisions of Applicable Laws, or (ii)the date on which all of the Options available for issuance under the ESOP 2022 have been issued and exercised, whichever is earlier.

2. **Definitions and Interpretation**

2.1 **Definitions**

- i. "**Applicable Law**" means every law relating to Options, Employee Stock Options by whatever name called, including and without limitation to the Companies Act, 2013 and the rules framed thereunder, Securities and Exchange Board of India Act 1992, SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and includes any statutory modifications or re-enactments thereof and all relevant tax, securities, exchange control or corporate laws of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares are listed or quoted.
- ii. "**Associate Company**" shall have the same meaning as defined in section 2(6) of the Companies Act, 2013, as amended from time to time.
- iii. "**Board**" means the Board of Directors of the Company.

- iv. **“Body Corporate”** shall have the same meaning as defined in section 2(11) of the Companies Act, 2013, as amended from time to time.
- v. **“Change in Capital Structure”** means a change in the capital structure of the Company as a result of re-classification of Shares, sub-division of Shares, issue of shares on rights basis or any other form of equity issuance, issue of bonus Shares, conversion of Shares into other shares or Securities of the Company and includes any other change in the rights or obligations in respect of Shares
- vi. **“Committee”** means the nomination and remuneration committee constituted by the Board from time to time, designated as Compensation Committee to administer, monitor, supervise and implement the ESOP 2022 and other employee benefit plan/schemes, if any, comprising of such members of the Board as provided under Section 178 of the Companies Act to act as a compensation committee under Regulation 5 of the SEBI SBEB Regulations.
- vii. **“Companies Act”** means the Companies Act, 2013 read with rules issued thereunder from time to time and includes any statutory modifications or reenactments thereof.
- viii. **“Company”** means ‘PPAP Automotive Limited, a company registered in India under the provisions of the Companies Act, 1956, having CIN: L74899DL1995PLC073281 and Registered office at 54, Okhla Industrial Estate, Phase III Delhi- 110020.
- ix. **“Company Policies/Terms of Employment”** means the Company’s policies for Employees and the terms of employment as contained in the employment letter and the Company handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete, and non-poaching of other employees and customers. Policies/Terms of Employment of the Subsidiary Company, Associate Company, Joint Venture Company as regards an Option Grantee on the payrolls of such Subsidiary Company, Associate Company, Joint Venture Company shall be deemed to be “Company Policies/Terms of Employment” for

such Option Grantee.

- x. **“Corporate action”** means one of the following events:
- (i) The merger, de-merger, spin-off, acquisition, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the Shares are converted into or exchanged for:
 - a. A different class of Securities of the Company; or
 - b. Any Securities of any other issuer; or
 - c. Cash; or
 - d. Other property,
 - (ii) The sale, lease or exchange of all or substantially all of the assets or undertaking of the Company.
 - (iii) The adoption by the shareholders of the Company of a Scheme of liquidation, dissolution or winding up.
 - (iv) rights issue, bonus issues, sub-division/consolidation of Shares, etc.
 - (v) Acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any Company, person, entity or group of a controlling stake in the Company. For this purpose ‘Controlling Stake’ shall mean more than 50% of the voting share capital of the Company.
 - (vi) Any other event, which in the opinion of the Board has a material impact on the business of the Company;
- xi. **“Director”** means a member of the Board of the Company.
- xii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting the Options to the Employees.
- xiii. **“Employee”** means
- (1) a permanent employee of the Company working in India or out of India; or
 - (2) a Director of the Company, whether whole time or not including non-executive director who is not a promoter or member of the Promoter group, but excluding an independent director; or

- (3) an Employee as defined in sub-clauses (1) or (2) of a group Company including Joint venture, Subsidiary or its Associate 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; and
 - c. a Director being an Independent Director
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- xiv. **“Employee Stock Option”** means an 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 offered by the Company at a pre-determined price.
 - xv. **“ESOP 2022”** means the ‘PPAP Employee Stock Option Plan 2022’ under which the Company is authorized to grant Options to the Employees.
 - xvi. **“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 pursuance of the ESOP 2022, in accordance with the procedure laid down by the Company for Exercise of Options.
 - xvii. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP 2022.
 - xviii. **“Exercise Price”** means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP 2022.
 - xix. **“Grant”** means issue of Options to the Employees under the ESOP 2022.
 - xx. **“Grant Date”** means the date on which the Options are granted to

the Employees.

- xxi. **“Grantee”** shall mean Employee to whom options have been granted under the Scheme.
- xxii. **“Independent Director”** means a Director within the meaning of Section 149(6) of the Companies Act read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxiii. **“Joint Venture”** means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
- xxiv. **“Market Price”** means the latest available closing price on the Stock Exchange on which the Shares of the Company are listed, immediately prior to the Relevant Date.

Explanation- If Shares are listed on more than one Stock Exchange, then the closing price of the Shares on the Stock Exchange having higher trading volume shall be considered as the Market Price.

- xxv. **“Misconduct”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or Terms of Employment amounting to violation or breach of Terms of Employment as determined by the Committee after giving the Employee and opportunity of being heard, wherever required:
 - a. committing of any act warranting summary termination under law; or
 - b. conduct which in the reasonable opinion of the Committee amounts to a serious breach by an Option Grantee of the obligation of trust and confidence to his employer; or
 - c. a finding by the Committee that an Employee has committed any material or consistent breach of any of the terms or conditions of the Employee service agreement including any willful neglect of or refusal to carry out any of his duties or to comply with any instruction given to him by the Committee; or
 - d. being convicted of any criminal offence; or

- e. being disqualified from holding office in the Company or any other company under any legislation or being disqualified or disbarred from membership of, or being subject to any serious disciplinary action by, any regulatory body within the industry, which undermines the confidence of the Committee in the individual's continued employment; or
 - f. having acted or attempted to act in any way which in the opinion of the Committee has brought or could bring the Company or any other member of the group into disrepute or discredit;
 - g. breach or violation of any Company Policies/ Terms of Employment; and
 - h. Any other act or omission not included above, but defined as misconduct in the Company's rules or Employee handbook and / or employment agreement and/or appointment letter.
- xxvi. **“Options/Employee Stock Options”** means a right but not an obligation granted to a Grantee to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre – determined price, in accordance with this Scheme.
- xxvii. **“Permanent Disability/ Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Board of Directors based on a certificate of a medical expert identified by the Company.
- xxviii. **“Promoter”** shall have the same meaning as defined in regulation 2 of SEBI (SBEB & SE) Regulations, as amended from time to time.
- xxix. **“Promoter Group”** shall have the same meaning as defined in regulation 2 of SEBI (SBEB & SE) Regulations, as amended from time to time.
- Provided that where the Promoter or promoter group of the Company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of the Company.
- xxx. **“Plan”** means and refers to ESOP 2022 defined hereof.

- xxxi. **“Relative”** shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, as amended from time to time.
- xxxii. **“Relevant Date”** means any of the following dates as the context requires:
- (i) in the case of Grant, the date of the meeting of the Committee on which the Grant is made; or
 - (ii) in the case of Exercise, the date on which the notice of Exercise is given to the Company by the Option Grantee
- xxxiii. **“Retirement”** means retirement as per the rules of the Company.
- xxxiv. **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and re-enacted from time to time, and includes any clarifications or circulars issued thereunder.
- xxxv. **“Shares”** means equity shares of the Company of face value of Rs. 10 (Ten) each fully paid-up including the equity shares arising out of the Exercise of Options granted under ESOP 2022.
- xxxvi. **“Scheme”** shall mean the Employee Stock Option Scheme – 2022 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.
- xxxvii. **“Stock Exchange”** means the National Stock Exchange of India Limited (NSE), BSE Limited (BSE), or any other recognized stock exchanges in India on which the Company’s Shares are listed.
- xxxviii. **“Subsidiary Company(ies)”** means any present or future subsidiary company(ies) of the Company as per the provisions of the Companies Act, 2013.
- xxxix. **“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.
- xl. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP 2022.

- xli. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.
- xlii. **“Vesting Date”** means the date on and from which the Option vests with the Grantees and there by becomes exercisable.
- xliii. **“Vesting Period”** means the period during which the vesting of the Option granted to the Employee, in pursuance of the ESOP 2022, takes place.
- xliv. **“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.
- xlv. **“Whole Time Director”** shall have the same meaning as defined in section 2(94) of the Companies Act, 2013, as amended from time to time.

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; and
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

Words and expressions used and not defined here but defined in the SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation,

as the context requires.

3. Authority and Ceiling

- 3.1 The shareholders of the Company by way of special resolution dated 16th September, 2022 approved the Plan authorizing the Committee to Grant not exceeding 7,00,000 Options to the eligible Employees in one or more tranches, from time to time, which in aggregate shall be exercisable into not more than 7,00,000 Shares of face value of Rs. 10 each fully paid up (which is 5% of the paid up capital of the Company as on date), with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided under the Plan.
- 3.2 The maximum number of Options that may be granted per Employee and in aggregate shall be decided by the Committee depending upon the designation and the appraisal/ assessment process. However, the Grant of Options to identified Employees, shall not, at any time exceed the total Option pool size approved by the shareholders for ESOP 2022.
- 3.3 If an Option cancels, expires, lapses, cancelled or becomes un-exercisable due to any reason, it shall be brought back to the Options pool as mentioned in Sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws. Where Shares are issued consequent upon exercise of an Option under the ESOP 2022, the maximum number of Shares that can be issued under ESOP 2022 as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares issued.

4. Administration

- 4.1 The ESOP 2022 shall be administered by the Committee. All questions of interpretation of the ESOP 2022 or any Option shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2022 or in any Option issued thereunder.
- 4.2 The Committee shall in accordance with this Plan and Applicable Laws determine the following and shall have the following powers:
 - (a) The quantum of the Option to be granted under the ESOP 2022 per Employee, subject to the ceiling as specified in Para 3.1;

- (b) the Eligibility Criteria for grant of Option to the Employees;
- (c) the specific Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to Exercise the Option within the Exercise Period;
- (d) the specified time period within which the Employee shall Exercise the Vested Option in the event of termination or resignation or other cases of separation of an Employee;
- (e) the right of an Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
- (f) the procedure for making a fair and reasonable adjustment to the number of Option 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:
 - (i) the number and the price of Option shall be adjusted in a manner such that total value of the Option remains the same after the corporate action; and
 - (ii) the Vesting Period and the life of the Option shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- (g) the procedure and terms for the Grant, Vesting, and Exercise of Option in case of Employees who are on long leave;
- (h) the conditions under which Option vested in Employees may lapse in case of termination of employment for misconduct;
- (i) approve forms, writings and/or agreements for use in pursuance of the ESOP 2022.
- (j) To delegate its duties and powers in whole or in part as it may decide from time to time to any person or Committee or Trust.
- (k) To extend the period of acceptance of grant.

- (l) To decide upon the mode and manner of exercise.
- (m) To accelerate the vesting of Options on a case to case basis, subject to completion of minimum 18 months from the date of grant.
- (n) To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- (o) To terminate the Scheme.
- (p) To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- (q) To lay down the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of options and to the exercise price in case of “Capital Structure” and “Corporate Actions”. In this regard, the following shall, inter alia, be taken into consideration by the committee:
 - i. the number and price of options shall be adjusted in a manner such that total value to the Employee of the options remains the same after the corporate action.
 - ii. the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the Employee(s) who is granted such options.

4.3 The Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time), (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time), and (c) any other regulation as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company and any Employee.

5. Eligibility and Applicability

5.1 Only Employees are eligible for being granted Options under ESOP 2022. The specific Employees to whom the Option would be granted, and their

Eligibility Criteria shall be determined by the Committee.

- 5.2 The Plan shall be applicable to the Company, its Subsidiary Company/ies, Associate Company/ies, Joint Venture Company/ies.
- 5.3 and any successor Company thereof and may be granted to the Employees of the Company and its Subsidiary Company/ies, Associate Company/ies, Joint Venture Company/ies as determined by the Committee at its sole discretion.
- 5.4 Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, performance linked parameters such as work performance, target achievements, and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

6. **Grant and Acceptance of Grant**

6.1 **Grant of Options**

- (a) Grants contemplated under the Plan shall be made on such day and month as decided by the Committee at its discretion.
- (b) Each Grant of Option under the Plan shall be made in writing by the Company to the eligible Employees by way of letter of Grant containing specific details of the Grant, and disclosure requirements, as prescribed under Applicable Laws.

6.2 **Acceptance of the Grant**

Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company a duly signed acceptance of the letter of Grant on or before the date ("**Closing Date**") which shall not be more than 30 days from the date of the Grant, as specified in the letter of Grant. On receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee.

- 6.3 Any eligible Employee, who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless the Committee determines otherwise.

7. **Vesting Schedule and Vesting Conditions**

- 7.1 Options granted under ESOP 2022 shall vest at the end of **18 (Eighteen) months** from the date of Grant.

Provided that in case where Options are granted by the Company under the Plan in lieu of options held by a person under a similar Plan in another company ("**Transferor Company**") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause.

- 7.2 Vesting of Option would be subject to continued employment with the Company and its Subsidiary Company, Associate Company, Joint Venture Company as the case may be.
- 7.3 As a prerequisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Company/ its Subsidiary Company/Associate Company, Joint Venture Company, Group Company (ies) on the date of Vesting and must neither be serving his notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on the such date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the Committee can keep the relevant Vesting in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.
- 7.4 The Vesting schedule and specific Vesting Conditions subject to which Vesting would take place shall be specified in the letter issued to the Option Grantee at the time of Grant.

7.5 **Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee.

8. **Exercise**

8.1 **Exercise Price**

- (a) The Exercise Price per Option shall be the face value of Rs 10/- per share or any subsequent amendments later on in the face value of the Company.
- (b) Payment of the Exercise Price shall be made by a demand draft drawn in favor of the Company or by electronic mode through banking channels such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Immediate Payment Service (IMPS) or in such other manner as the Committee may decide.
- (c) The Exercise price must be paid in one tranche only.

8.2 Exercise Period

(a) Exercise while in employment:

The Exercise Period in respect of an Option shall be subject to a maximum period of **180 (One Hundred and Eighty Days)** from the date of Vesting of Options.

(b) Exercise in case of separation from employment:

Subject to maximum Exercise Period stated above and subject to Applicable Laws, the Vested Options can be exercised as per the time period specified in **Annexure-A** attached to this Scheme.

8.3 The Options shall be deemed to have been Exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Committee, for the issue of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of exercise.

8.4 Payment of the Exercise Price shall be made by a demand draft drawn in favour of the Company or by electronic mode through banking channels such as National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS), Immediate Payment Service (IMPS) or in such other manner as the Committee may decide.

8.5 Lapse of Options

The Options not exercised within the respective Exercise Period prescribed in Sub-clauses of Clause 8 shall lapse and be deemed to be

cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled Options.

9. Lock-in

The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in period from the date of allotment of such Shares under ESOP 2022.

Provided that the Shares allotted on such Exercise cannot be sold for such further period or intermittently as required under the terms of Code of Conduct for Prevention of Insider Trading of the Company framed under Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

10. Exit route in case of de-listing

If the Company gets de-listed from all the recognized Stock Exchanges, then the Committee shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Laws.

11. Restriction on transfer of Options

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

11.2 Options shall not be transferable to any person except in the event of death/ Permanent Incapacity of the Option Grantee, in which case provisions at sub-clause 8.2(b) would apply.

11.3 No person other than the Employee to whom the Option is granted shall be entitled to Exercise the Option except in the event of the death/ Permanent Incapacity of the Option Grantee, in which case provisions at sub-clause 8.2(b) would apply.

12. Rights as a Shareholder

12.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a shareholder in respect of Options

granted, till Shares underlying such Options are issued by the Company upon Exercise of such Option.

- 12.2 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 Option and becomes a registered holder of the Shares of the Company.
- 12.3 If the Company issues bonus shares or rights shares, the Option Grantee shall 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 sub-clause 4.2 (f) of ESOP 2022.

13. Deduction/Recovery of Tax

- 13.1 The liability of paying taxes, if any, in respect of Options granted pursuant to this Plan and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules made thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees of the Company/ Subsidiary /Associate/Joint Venture/Group Company(ies) working abroad, if any.
- 13.2 The Company/ Subsidiary/Associate/Joint Venture/Group Company(ies) shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 13.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied/secured by the Option Grantee in full.

14. Corporate Actions

- 14.1 Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its sole & absolute discretion, as to the

number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.

- 14.2 If there is a 'Change in the Capital Structure' of the Company before the Options granted under this Scheme are Exercised, the Employee shall be entitled on Exercise of the Options, to such number of Resultant Shares to which he would have been entitled as if all the then outstanding Options exercised by him, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a Corporate Action, the Nomination & Remuneration Committee, subject to the provisions of applicable laws to the Stock options, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of options, exercise price, distribution of sums and make any other necessary amendments to the Scheme for this purpose with respect to all the Corporate Actions in the Company. The vesting period and life of the options shall be left unaltered as far as possible.
- 14.3 In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the options that have vested before such reconstitution / amalgamation / sell-off, shall be exercised within 30 days from the date of such reconstitution / amalgamation / sell-off or the Exercise period as per the Scheme whichever is earlier. However, unvested options shall get lapsed.
- 14.4 In the event of a dissolution or liquidation of the Company, any vested options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the options so cancelled.
- 14.5 In the event of a reverse merger, the treatment of vested as well as unvested options will be decided by the Committee, whose decision shall be final and binding.
- 14.6 In the event of demerger of the Company, the respective Committees of the Resulting & the De-merged Company will take the decision regarding the time-period for the exercise of the vested options and the treatment of unvested options.

15. Modification of Scheme

The Committee may, on its own or if required by the law, after authorization by the Board of Directors, as the case may be, by way of special resolution, (wherever required) at any time and from time to time:

- 15.1 Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee /Beneficiary; Provided that the notice for passing special resolution for variation of terms of the schemes shall disclose full details of the variation, the rationale therefore, and the details of the employees who are beneficiaries of such variation.
- 15.2 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Grantee /Beneficiary. Each of such sets of special terms and conditions shall be restricted in its application to those Grantee /Beneficiary;
- 15.3 Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Grantee / Beneficiary separately and each of such sets of special terms and conditions shall be restricted in its applications to such Grantee/ Beneficiary.
- 15.4 Alter the 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 Grantee / Beneficiary.

16. Term of the Scheme

- 16.1 Except as provided elsewhere specifically, the Scheme shall continue in effect unless terminated by the Company or the Committee or until all options available to be granted under the Scheme are fully exercised.
- 16.2 Any such termination of the Scheme shall not affect Options already Granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Employee/ Beneficiary and the Committee.

17. Miscellaneous

17.1 Regulatory Approvals

This ESOP 2022 shall be subject to all Applicable Laws, and approvals from government authorities. The Grant and the allotment of Shares under this ESOP 2022 shall also be subject to the Company requiring Employees to comply with all Applicable Laws.

17.2 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 from any and all liability in respect of the failure to issue or sell such Shares.

17.3 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an 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 Option on any other occasion.

17.4 The rights granted to an Option Grantee upon the grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

17.5 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 Option in whole or in part.

17.6 General Risks

Participation in the ESOP 2022 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone.

17.7 The existence of the ESOP 2022 and the Grants made hereunder shall not in any way affect the right or the power of the Board or the shareholders of the Company to make or authorise any change in the capital structure,

including any issue of shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof or from making any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on the ESOP 2022 or any Grant made under the ESOP 2022. No Employee or other person shall have any claim against the Company as a result of such action.

- 17.8 Nothing contained in the ESOP 2022 shall be construed to prevent the Company directly or through any trust settled by any company, from implementing any other new scheme for granting stock options and/or share purchase rights, 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 ESOP 2022 or any Grant made under the ESOP 2022. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

18. Accounting and Disclosures

- 18.1 The Company shall comply with the requirements of IND – AS 102 and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein and shall use Fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.
- 18.2 Compensation cost will be booked in the books of account of the Company over the Vesting Period.
- 18.3 The Company shall comply with the disclosure requirements of the Accounting Standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 including any 'Guidance Note on Accounting for Employee share-based Payments' issued in that regard from time to time, in terms of Regulation 15 of the SEBI (SBEB & SE) Regulations.

19. Certificate from Auditors

As per the requirements of Applicable Law, the Committee shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that the ESOP 2022 has been implemented in accordance with the SEBI SBEB Regulations and in accordance with

the resolution of the Company in the general meeting.

20. **TAXABILITY ON THE GRANTEE**

20.1 The exercisable Options are subject to the applicable provisions of the Income tax Act, 1961.

There would be following points of Taxation on the Grantee:

- i. At the time of Exercise, the difference between the Market Price of the Shares as on date of Exercise and the Exercise Price, will be added as a perquisite under salary in the month of Exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.
- ii. At the time of sale of the Shares of the company. On selling of the Shares, the concerned Employee would be liable to income tax as per the applicable provisions of the laws at the time of sale of the Shares.

20.2 Notwithstanding anything elsewhere contained in this Plan, no Shares/ sale proceeds therefrom, as the case may be, shall be disbursed to the Grantee or his Beneficiary, on Exercise of the Options under this Plan unless appropriate taxes as required under the applicable tax laws, are discharged.

20.3 All direct and indirect taxes or any other present or future tax in respect of the Options, Option Shares or Shares issued to the Grantee by virtue of, or under this ESOP Plan, shall be payable entirely and exclusively by the Grantee and in the event any such amounts are paid by the Company due to any reason, such amounts of taxes shall be recoverable to the full extent at all times from any amount payable to the Grantee by the Company.

20.4 The Shares shall be subject to set-off or counterclaim of amounts owed by the Grantee to the Company, to the extent permitted under Applicable Laws.

21. **Governing Laws**

21.1 The terms and conditions of the ESOP 2022 shall be governed by and construed in accordance with the Applicable Laws of India including the Foreign Exchange Laws mentioned below.

21.2 **Foreign Exchange Laws**

In case any Options are granted to any Employee being resident outside

India belonging to the Company/ its Subsidiary Company(ies), Associate Company/ies, Joint Venture Company/ies working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest, Exercise of Options, and issue of Shares thereof.

22. Notices

22.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2022 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:

- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or
- ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or
- iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment; or in case of cessation of employment at the email address provided by the Option Grantee.

22.2 All notices of communication to be given by an Option Grantee to the Company in respect of ESOP 2022 shall be sent to the address mentioned below:

Company Secretary
PPAP Automotive Limited
Address: B-206A, Sector-81, Phase-II, Noida-201305
E-mail: compliance@ppapco.com

23. Nomination

An Option Grantee has to nominate a person as his/her nominee. The nominee in case of death or Permanent Incapacity of the Option Grantee shall be the legal representative recognized by the Company as the inheritor of the Option Grantee in respect of all rights and liabilities for the purposes of this Plan.

24. **Jurisdiction**

- 24.1 The Courts in New Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2022.
- 24.2 Nothing in this Sub-clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2022:
- (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.

25. **Listing of the Shares**

Subject to the approval of the Stock Exchanges, the Shares issued and allotted on Exercise of the Options shall be listed on the recognized Stock Exchanges on which the Shares of the Company are listed or proposed to be additionally listed.

26. **Severability**

In the event any one or more of the provisions contained in this ESOP 2022 shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this ESOP 2022, but ESOP 2022 shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the ESOP 2022 shall be carried out as nearly as possible according to its original intent and terms.

27. **Confidentiality**

- 27.1 An Option Grantee must keep the details of the ESOP 2022 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 confidentiality Clause, 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 confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Committee shall have the

authority to deal with such cases as it may deem fit.

- 27.2 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 Plan 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.

28. Cost of Implementation of ESOP Scheme

At the discretion of the Company the cost incurred by the Company on implementation of the Employee Stock Option Scheme can be shared between the Company and the Subsidiaries or Associate Company or Joint Venture Company as the case may be in the ratio of the options granted to the employees of these entities.

-----End of Plan-----

Certified true copy

For PPAP Automotive Limited

**Pankhuri Agarwal
Company Secretary and Compliance Officer
A-59103**

TERMS & CONDITIONS

The Vested and Unvested Options can be exercised as per the provisions outlined in the table below:

S. No	Reasons for Separation	Vested Options	Unvested Options
1.	Resignation	All Vested Options can be exercised within [30] days from the last working day of the Option Grantee or in case, the exercise period expires within the period of 30 days then the vested options can be exercised either on the expiry date or period of 30 days whichever is earlier.	All Unvested Options on the date of such resignation shall stand cancelled with effect from date of resignation. Also, all unvested options maturing during the resignation notice period shall stand cancelled.
2	Termination as per the Company's Policies/ Terms of Employment	All Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination of employment.	All the unvested Options shall stand cancelled with effect from the date of such termination of employment.
3	Retirement / Early Retirement approved by the Company	All Vested Options can be exercised within [30] days from the last working day of the Option Grantee or in case, the exercise period expires within the period of 30 days then the vested options can be exercised either on the expiry date or period of 30 days whichever is earlier. However, the employees retained by the Company after such retirement or early retirement may exercise the vested options within [180]	All unvested Options shall stand cancelled with effect from the last date of such retirement/ early retirement. All unvested options with the employees retained as Advisors shall also stand cancelled with effect from the last date of such retirement/ early retirement.

		days from the last working day of the Option Grantee.	
4	Death	All vested options may be exercised by the Option Grantee's nominee within 180 days after the death of the Option Grantee. The Employee is required to name a person as nominee/legal heir at the time of acceptance of ESOP only.	All unvested options shall vest with effect from the date of his/her death in the legal heirs or nominees and can be exercised by them within a period of 180 days after the death of the Option Grantee.
5.	Separation due to Permanent Incapacity	In case the employee suffers a permanent incapacity while in employment, all the options granted to him as on the date of permanent incapacitation, shall vest in him on that day. All Vested Options may be Exercised by the Option Grantee's nominee immediately after the Option Grantee becoming permanently incapacitated but in no event later than 90 days from the permanent incapacity of the Option Grantee.	All Unvested Options may be Exercised by the Option Grantee's nominee immediately after the Option Grantee becoming permanently incapacitated but in no event later than 90 days from the permanent incapacity of the Option Grantee.
6.	Separation due to reasons other than those mentioned above	The Committee will decide whether the Vested Options on the date of separation can be exercised by the employee or not, and such decision shall be final.	All the unvested Options shall stand cancelled with effect from the last date of such separation, unless the Committee otherwise decides.
7.	Transfer of Employee /	In the event that an Employee who has been granted benefits under the scheme is Transferred or Deputed to an Associate company prior to vesting or exercise, the vesting and exercise as per the terms of Grant shall continue in case of such transferred or deputed employee even after the transfer or deputation.	