

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

## Employee Stock Option Scheme 2010

**Gokaldas Exports Limited**

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

## Table of Contents

1. NAME, OBJECTIVE AND TERM OF THE PLAN .....	3
2. DEFINITIONS AND INTERPRETATION .....	3
3. AUTHORITY AND CEILING .....	7
4. ADMINISTRATION.....	7
5. ELIGIBILITY AND APPLICABILITY .....	8
6. VESTING SCHEDULE / CONDITIONS .....	8
7. EXERCISE .....	9
8. OTHER TERMS AND CONDITIONS .....	11
9. DEDUCTION/RECOVERY OF TAX.....	11
10. AUTHORITY TO VARY TERMS .....	12
11. MISCELLANEOUS.....	12
12. NOTICES .....	13
13. GOVERNING LAW AND JURISDICTION.....	13
14. INCOME TAX RULES .....	14
15. CORPORATE ACTION.....	14

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

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

- 1.1 This Plan shall be called the “GEL-ESOS 2010”.
- 1.2 The objective of the GEL-ESOS 2010 is to align the employees to corporate goals and motivate them to contribute to the growth and profitability of the Company (including subsidiary companies). The Company views employee stock options as instrument that would enable the Employees to share the value they create for the Company in the years to come. The Company also intends to use this Scheme to attract and retain talent in the organization.
- 1.3 The GEL-ESOS 2010 is established with the shareholders approval dated 17/09/2010 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 GEL-ESOS 2010 have been issued and exercised.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate GEL-ESOS 2010.

## 2. Definitions and Interpretation

### 2.1 Definitions

- i. “**Agreement**” means the Employee Stock Option Agreement between the Company and the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option. The Agreement is subject to the conditions of GEL-ESOS 2010.
- ii. “**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 or any changes there into or by whatever name called.
- iii. “**Board**” means the Board of Directors of the Company.
- iv. “**Companies Act**” means The Companies Act, 1956 and includes any statutory modifications or re-enactments thereof.
- v. “**Company**” means “Gokaldas Exports limited”.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

- vi. **“Company Policies/Terms of Employment”** means the Company’s policies for employees and the terms of employment as contained in the Employment Letter and any other communication from the company to which the employees are notified from time to time.
- vii. **“Compensation Committee”** means a Committee having a majority of Independent directors, constituted by the Board of Directors from time to time to administer GEL-ESOS 2010 or any other ESOS scheme (s).
- viii. **“Director”** means a member of the Board of the Company.
- ix. **“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.
- x. **“Employee”** means
  - (i) a permanent employee of the Company working in India; or
  - (ii) a Director of the Company, whether a whole time Director or not; or
  - (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of any Subsidiary companies (subsidiaries), in India

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.
- xi. **“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.
- 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 pursuance of the GEL- ESOS 2010, in accordance with the procedure laid down by the Company for exercise of options.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

- xiii. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the options vested in him in pursuance of the GEL- ESOS 2010.
- xiv. **“Exercise Price”** means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the GEL- ESOS 2010.
- xv. **“Grant”** means issue of Options to the Employees under the GEL- ESOS 2010.
- xvi. **“Market Price / Value”** 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 there is highest trading volume on the said date shall be considered. In case the shares are not listed the fair market value will be determined by an independent valuer.
- xvii. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the GEL- ESOS 2010.
- 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”.
- xxi. **“Recognized Stock Exchange”** means the BSE, NSE or any other 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.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

- xxiii. **“Scheme / Plan / GEL- ESOS 2010”** means this Employee Stock Option Scheme 2010 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xxiv. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxv. **“SEBI Guidelines”** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and includes all regulations and clarifications issued there under.
- xxvi. **“Shares”** means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the GEL- ESOS 2010.
- xxvii. **“Subsidiary company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 1956.
- xxviii. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options granted to him in pursuance of the GEL- ESOS 2010.
- xxix. **“Vesting Condition”** means any condition subject to which the options granted would vest in an Option Grantee.
- xxx. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the GEL- ESOS 2010 takes place.
- xxxi. **“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.
- xxxii. **“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;

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

- 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 its meeting on 17/09/2010 has resolved to issue to employees under GEL- ESOS 2010, not more than 17,18,800 options convertible into 17,18,800 equity shares of a face value of Rs. 5/- each, which is 5% of 3,43,76,000 paid up equity shares as on the above date, with each such option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.
- 3.2 If an Employee Stock Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws. The Compensation Committee will have powers to re-grant such options.
- 3.3 Where Shares are issued consequent upon exercise of an Employee Stock Option under the GEL- ESOS 2010, the maximum number of Shares that can be issued under GEL- ESOS 2010 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 where the face value of the shares is reduced below Rs. 5/-, the maximum number of shares available for being granted under GEL- ESOS 2010 shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such split remains unchanged after the share split. Thus, for instance, if the face value of each share is reduced to Rs. 2.50, the total number of shares available under GEL- ESOS 2010 would be (17,18,800 x2) equity shares of Rs. 2.50 each.

## **4. Administration**

- 4.1 The GEL- ESOS 2010 shall be administered by the Compensation Committee. All questions of interpretation of the GEL- ESOS 2010 or any Employee Stock Option Scheme(s) shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the GEL- ESOS 2010 or such Employee Stock Option Scheme(s).
- 4.2 The Compensation Committee shall in accordance with this Plan and Applicable Laws determine the following:

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

- (a) The **quantum** of Employee Stock Options to be granted, including cancelled / lapsed options, under the GEL- ESOS 2010 per Employee, subject to the ceiling as specified in Para 3.1;
- (b) The **Eligibility** Criteria;
- (c) The **procedure** for making a fair and reasonable adjustment in case of **corporate actions** such as merger, sale of division, stock split / consolidation, rights issues, bonus issues and others;
- (d) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on **long leave**;
- (e) The procedure for **cashless exercise** of Employee Stock Options, if required;
- (f) Approve **forms**, writings and/or agreements for use in pursuance of the GEL- ESOS 2010.

## 5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Employee Stock Options under GEL- ESOS 2010. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Compensation Committee.
- 5.2 The Scheme shall be applicable to the company, its subsidiary companies in India and any successor company thereof and may be granted to the Employees and Directors of the Company or its subsidiaries as determined by the Compensation Committee on its own discretion.

## 6. Vesting Schedule / Conditions

Options granted under GEL- ESOS 2010 would vest **not less than 1 year** and **not more than 7 years** from the **date of grant** of such options. Vesting of options would be subject to continued employment with the Company, including subsidiary companies, if any, and thus the options would vest on passage of time.

In addition to this, the Compensation Committee may also specify certain time / performance parameters subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

## 7. Exercise

### a) Exercise Price:

The exercise price shall be the **market price** of the equity shares of the company discounted, if required, by such percentage not exceeding 20% to be determined by the compensation committee in the best interest of the various stake holders in the prevailing market conditions.

Where the **market price** means the latest available closing price, prior to the date of meeting of the Compensation committee / Board in which options are granted, on the stock exchange on which the shares of the company are listed and where highest trading volume is registered.

Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Compensation Committee may decide.

### b) Exercise Period:

#### While in employment:

The Exercise period would be a maximum of **7 years from the date of vesting of options**. The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise. The options not exercised within the above period shall lapse/cancel and the employee shall have no right over such lapsed or cancelled options.

#### Exercise period in case of separations -

Separations	Unvested options	Vested Options
Resignation	Cancelled	To be exercised before the <b>last working day</b> of the employee in the Company.
Retirement / Early Retirement as approved	Cancelled	To be exercised <b>within 6 months</b> from the <b>last working day</b> of the

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

by the Company		employee in the Company.
<b>Death</b>	To be exercised by the legal heirs or nominee of the employee <b>within 6 months</b> from the date of death.	To be exercised by the legal heirs or nominee of the employee <b>within 6 months</b> from the date of death.
<b>Permanent Incapacity</b>	To be exercised by the employee <b>within 6 months</b> from the date of disability. In case of employee's death, his nominee or legal heirs can exercise the options within 6 months from the date of separation.	To be exercised by the employee <b>within 6 months</b> from the date of disability. In case of employee's death, his nominee or legal heirs can exercise the options within 6 months from the date of separation.
<b>Termination due to misconduct or due to breach of company policies or the terms of employment</b>	<b>Cancelled</b>	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>	<b>Cancelled</b>	<b>Cancelled</b>
<b>Any other event not specified above</b>	The Compensation Committee at its sole discretion would decide the treatment of unvested options and such decision shall be final and binding.	The Compensation Committee at its sole discretion would 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 and such decision shall be binding on all concerned.

## c) Exit route in case of De-listing

If the company gets de-listed from all recognized stock exchanges then the board shall have powers to set out terms and conditions for the treatment of vested options and unvested options.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

## **8. Other Terms and Conditions**

- 8.1 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.
- 8.2 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.
- 8.3 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 8.4 If the Company issues bonus or rights shares, the Option Grantee would 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(c) of GEL- ESOS 2010.
- 8.4 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(b) would apply.
- 8.5 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, in which case clause 7(b) would apply.
- 8.6 **Grants to be made to New Hires / Joinees -**

In case the Company proposes to grant options to the new hires / joinees, the number of options to be allocated and related terms & conditions would be decided at the meeting of the Compensation Committee

## **9. Deduction/Recovery of Tax**

The Company shall have the right to deduct from the employee's salary, any of the employee's or employer'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 deliver Shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

## **10. Authority to vary terms**

Terms of GEL-ESOS 2010 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.

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.

## **11. Miscellaneous**

### **11.1 Government Regulations**

This GEL- ESOS 2010 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOS 2010 shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

### **11.2 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.

**11.3** 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.

**11.4** 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.

**11.5** 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

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

- 11.6 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.

## 12. Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this GEL- ESOS 2010 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 GEL- ESOS 2010 shall be sent to the address mentioned below:

Address - **Gokaldas Exports limited, 70 Mission Road, Bangalore - 560 027**

Contact Person - **N Sri Sai Kumar**

Designation - **Company Secretary and Compliance officer**

## 13. Governing Law and Jurisdiction

- 13.1 The terms and conditions of the GEL- ESOS 2010 shall be governed by and construed in accordance with the laws of India.
- 13.2 The Courts of Bangalore, India (where the corporate office of the company is situated) shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this GEL- ESOS 2010.
- 13.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this GEL- ESOS 2010:
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

# Gokaldas Exports Ltd.

*Gokaldas Exports Limited, 70, Mission Road, Bangalore - 560 027*

## 14. Income Tax Rules

The Income Tax Laws and Rules, by whatever name called, in force will be applicable.

## 15. Corporate Action

In case of any Corporate Action(s) such as Rights Issues, Bonus Issues, Merger/Amalgamation and sale of division and others, if any additional equity shares are issued by the Company to the Option Grantees for the purpose of making a fair and reasonable adjustment to the Options granted earlier, the ceiling as provided in the Clause 3.1 shall be deemed to increased to the extent of such additional equity shares issued

- a. Notwithstanding any grant of options made by the Company to the Employees in pursuance to this plan and subject to the guidelines, the Company is at full liberty to issue any further shares at any price as it thinks fit to any class of persons, at any time at its discretion.
- b. The Compensation Committee shall intimate the Optionee in a written notice subsequent to a Bonus/Rights issue of shares regarding the increase in the number of options granted to the Employee under the grant and also the reduction in the Exercise price.
- c. The issue of the Bonus/Rights Shares shall not change any of the rights or conditions under which the options have been granted except the entitlement to an increase in the number of shares which may be applied for and an reduction in the Exercise price.
- d. In the event of an issue of Bonus/Rights shares being made by the Company after the grant, the Optionee shall, with regard to all options, whether vested or not, have the right to apply for the increased number of shares upon the options becoming Vested Options, equivalent to the ratio in which the Bonus/Rights shares are issued. However, the eligibility of the Optionee for the above said Bonus/Rights Shares and the reduction in the Exercise price and the length of the Exercise period would be decided by the Compensation Committee.