

VIP Employees Stock Appreciation Rights Plan 2018

V.I.P. Industries Limited

Registered Office: 5th Floor, DGP House, 88 C, Old Prabhadevi Road, Mumbai -400 025, Maharashtra.

CIN: L25200MH1968PLC013914

(As amended vide resolution passed by NRC on 29th October, 2021 and by Special Resolution passed by the Members of the Company at 56th AGM held on 2nd August, 2023)



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[AS AMENDED VIDE RESOLUTION PASSED BY NRC ON 29TH OCTOBER, 2021 AND BY SPECIAL RESOLUTION PASSED BY THE MEMBERS OF THE COMPANY AT 56TH AGM HELD ON 2ND AUGUST, 2023]

1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be called the “VIP Employees Stock Appreciation Rights Plan 2018 (“ESARP 2018”/ “Plan”).
- 1.2 The underlying philosophy of ESARP 2018 is to enable the Employees, present and future, to get a share in the value that they help to create for the organization over a certain period of time. The Company strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Company. The objectives of ESARP 2018 are, among others, to attract and retain critical senior talents with Employee Stock Appreciation Rights as a compensation tool. Through ESARP 2018, the Company intends to offer an opportunity of sharing the value created with those Employees who have contributed or are expected contribute to the growth and development of the Company.
- 1.3 The ESARP 2018 as originally envisaged has come into force on 17th July, 2018 on which the shareholders of the Company have approved the ESARP 2018. In the meantime, the Company intends to amend the ESARP 2018 with a view to align it with the requirement of the SEBI SBEB & SE Regulations. Thus, the ESARP 2018 has been amended vide NRC Resolution dated 29th October, 2021. Further, by passing Special Resolution at the 56th Annual General Meeting of the Company held on 2nd August, 2023, the shareholders of the Company have amended the ESARP 2018 and approved issue of ESARs exercisable into not more than 17,06,587 equity shares.
- 1.4 The ESARP 2018 shall continue to be in force until (i) its termination by the Board/ Committee; or (ii) the date on which all of the Employee Stock Appreciation Rights available for issuance under the ESARP 2018 have been issued and exercised, whichever is earlier.
- 1.5 The Board or Committee may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate ESARP 2018.

2. Definitions and Interpretation

2.1 Definitions

In this Plan, unless the context clearly indicates a contrary intention, the following words or expressions shall have the meaning assigned herein

- i. “Accounting Guidelines” means IND AS 102 on Share based Payments and/ or any relevant Accounting Standard(s) as prescribed by the Institute of Chartered Accountants of India or any other authority from time to time, as applicable to the Company for



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financial reporting in connection with transactions in the Employee Stock Appreciation Rights undertaken under the Plan.

- ii. **“Applicable Laws”** means every law relating to Employee Stock Appreciation Rights, to the extent applicable, including and without limitation to the Companies Act, Securities and Exchange Board of India Act, 1992, SEBI SBEB & SE Regulations and all relevant tax, securities, exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction or of any Recognized Stock Exchange on which the Shares are listed or quoted.
- iii. **“Appreciation”** means the excess of Market Price of the Share of the Company with reference to the date of Exercise of ESARs over the ESAR Price and the Appreciation shall be passed on by way of allotment of Shares of value equivalent to Market Price of the Shares as on the date of Exercise.
- iv. **“Board”** means the Board of Directors of the Company.
- v. **“Cash”** means amount paid in Indian rupees or in any recognized currency for Settlement of ESARs only against fractional Shares and includes payment by way of cheque, demand draft or through any other banking channel.
- vi. **“Committee”** means the Nomination and Remuneration Committee constituted by the Board from time to time, to administer and supervise the ESARP 2018 and other employee benefit plan/schemes, if any, comprising of such members of the Board as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and having such powers as specified under the SEBI SBEB & SE Regulations read with powers specified in this ESAR 2018 to act compensation committee.
- 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 “V.I.P. Industries Limited”, a company registered in India under the provisions of the Companies Act, 1956, having CIN: L25200MH1968PLC013914 and having its registered office at 5th Floor, DGP House, 88 C, Old Prabhadevi Road Mumbai – 400 025, Maharashtra and shall deem to mean Subsidiary as the context may require for the purposes of this Plan.
- 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



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customers. Policies/terms of employment of Subsidiary as regards an ESAR Grantee on the payrolls of such Subsidiary shall be deemed to be "Company Policies/Terms of Employment" for such ESAR Grantee.

- x. **"Death"** for the purpose of this ESARP 2018 shall mean death of an Employee during the continuance of employment or service, which shall not include death due to suicide.
- vii. **"Director"** means a member of the Board of the Company.
- viii. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Committee for granting the ESAR to the Employees.
- ix. **"Employee"** except in relation to issue of sweat equity shares means
 - (i) an employee as designated by the Company, who is exclusively working in India or outside India or
 - (ii) a director of the Company, whether a whole-time director or not, including a non-executive director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director, or
 - (iii) an employee, as defined in sub-clauses (i) or (ii) above, of a Subsidiary, whether present or future, in or outside India, of the Company

but excludes:

 - a) any Employee who is a Promoter and persons belonging to Promoter Group.
 - b) any such Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company.
- xi. **"Employee Stock Appreciation Right"** means a right given to an ESAR Grantee entitling him/her to receive Appreciation by way of Shares of the Company, in accordance with and subject to the terms and conditions of ESARP 2018.
- xii. **"Employment Letter"** means a letter appointing a person as an Employee of the Company and giving out the terms and conditions of such employment.
- xiii. **"ESAR"** means Employee Stock Appreciation Right within the meaning of this Plan.
- xiv. **"ESAR Grantee"** means an Employee who has been granted ESARs and has accepted such Grant as required under the Plan and shall deem to include nominee/ legal heirs of an ESAR Grantee in case of his/her death to the extent provisions of the Plan are applicable to such nominee/ legal heirs.



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- xv. **“ESAR Price”** means the base price determined on the Grant Date by the Committee as per the provisions of Sub-clause 8.1 of this Plan with reference to which Appreciation shall be computed.
- xvi. **“ESARP 2018”** means this VIP Employees Stock Appreciation Rights Plan 2018 under which the Company is authorized to grant ESARs to the Employees.
- xvii. **“Exercise”** of ESAR means expression of an intention by the ESAR Grantee to the Company for receiving Appreciation in the form of Shares against ESARs vested in him/her in pursuance of the ESARP 2018.
- xviii. **“Exercise Period”** means such time period after Vesting within which the ESAR Grantee should exercise the rights for receiving Appreciation against ESARs vested in him/her in pursuance of the ESARP 2018.
- xix. **“Grant”** means the process by which the Company issues ESARs to the Employees under the ESARP 2018.
- xx. **“Grant Date”** means the date of the meeting of the Committee in which Grant of ESARs to the Employees is approved.

Explanation,—For accounting purposes, the Grant Date will be determined in accordance with applicable accounting standards.

- xxi. **“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.
- xxii. **“Market Price”** means the latest available closing price of Shares on the Recognized Stock Exchange on which the Shares of the Company are listed on the date immediately prior to the applicable Relevant Date.

Explanation- If such Shares are listed on more than one Recognized Stock Exchanges, then the closing price on such stock exchange having higher trading volume shall be considered as the Market Price.

- xxiii. **“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:



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- 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 ESAR 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 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 Group member into disrepute or discredit;
 - g. breach or violation of any Company policies/ terms of employment; and
 - h. Any other not included above but defined as misconduct in the Company's rules or Employee handbook and / or employment agreement and/or appointment letter.
- xxiv. **"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 Committee based on a certificate of a medical expert identified by the Committee.
- xxv. **"Plan"** means and refers to ESARP 2018 defined hereof.
- xxvi. **"Promoter"** means the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
- xxvii. **"Promoter Group"** means the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.



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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.

- xxviii. **"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 ESAR Grantee.
- xxix. **"Recognized Stock Exchange"** means the National Stock Exchange of India Limited (NSE), BSE Limited (BSE) or any other recognized stock exchange(s) in India on which the Shares are listed.
- xxx. **"Retirement"** means retirement as per the rules of the Company.
- xxxi. **"SEBI SBEB SE Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and includes all regulations and clarifications issued thereunder.
- xxxii. **"Secretarial Auditor"** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- xxxiii. **"Settlement"** of an ESAR means payment of Appreciation by way of allotment of Shares of value equivalent to the Market Price of such Shares as on date of Exercise and includes payment made in Cash if any towards any fractional Shares arising out of Exercise, as per provision of Clause 10 of this Plan.
- xxxiv. **"Share"** means an equity share of the Company of face value of Rs.2/- (Rupees Two) each fully paid-up and includes equity shares arising out of the Exercise of ESARs granted under ESARP 2018.
- xxxv. **"Subsidiary"** means any present or future subsidiary of the Company, as per the provisions of the Companies Act.
- xxxvi. **"Unvested ESAR"** means an ESAR in respect of which the relevant Vesting Conditions have not been satisfied and as such, the ESAR Grantee has not become eligible to exercise the ESAR.



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- xxxvii. “**Vest**” or “**Vesting**” means earning by the ESAR Grantee, of the right to exercise the ESARs granted to him/her in pursuance of the ESARP 2018.
- xxxviii. “**Vested ESAR**” means an ESAR in respect of which the relevant Vesting Conditions have been satisfied and the ESAR Grantee has become eligible to exercise the rights.
- xxxix. “**Vesting Condition**” means the conditions subject to which the ESARs granted would Vest in an ESAR Grantee.
- xl. “**Vesting Period**” means the period during which the Vesting of ESARs granted to the ESAR Grantees, in pursuance of the ESARP 2018 takes place.

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 SE 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, pursuant to a special resolution dated 17th July, 2018 have authorized the Committee to issue to the Employees, such number of ESARs under ESARP 2018 at such ESAR Price or ESAR Prices, in one or more tranches and on such terms and conditions, as may be determined by the Committee in accordance with the provisions of this Plan, SEBI SBEB SE Regulations and in due compliance with other Applicable Laws. The ESARs to be granted from time to time and in aggregate shall be subject to availability of Shares reserved vide the aforesaid



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special resolution. The aggregate number of Shares upon Exercise of ESARs under the Plan shall not exceed 17,06,587 Shares of face value of Rs.2/- (Rupees Two), each fully paid up, of the Company.

- 3.2 If the number of ESARs that may be offered to any specific employee shall exceed 1% or more of the issued capital (excluding warrants & conversion) of the Company at the time of grant of ESARs, then the Company will take prior approval from shareholders of the Company by way of a special resolution.
- 3.3 If an ESAR expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the ESAR pool as mentioned in Sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4 Where Shares are issued consequent upon exercise of ESARs under the ESARP 2018, the maximum number of Shares that can be issued under ESARP 2018 as referred to in Sub-clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.5 In case of a Share split, where the face value of the Shares is reduced below Rs.2/-, the maximum number of Shares available for being granted under ESARP 2018 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.1/-, the total number of Shares available under ESARP 2018 would be ceiling specified in (Sub-clause 3.1 x 2) Shares of Rs.1/- each.
- 3.6 In case of a Share consolidation where the face value of the Shares is increased above Rs.2/-, the maximum number of Shares available for being granted under ESARP 2018 shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per Share) prior to such consolidation remains unchanged after the share consolidation. Thus, for instance, if the face value of each Share is increased to Rs.4/-, the total number of Shares available under ESARP 2018 would be ceiling specified in (Sub- clause 3.1 ÷ 2) number of Shares of Rs.4/- each.

4. Administration

- 4.1 The ESARP 2018 shall be administered by the Committee. All questions of interpretation of the ESARP 2018 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESARP 2018 or in any ESAR issued thereunder.



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4.2 The administration of ESARP 2018 shall include, but not be limited to determination of the following as per provisions of the Plan and Applicable Laws:

- (a) The quantum of ESARs to be granted under the ESARP 2018 per Employee, subject to the ceiling as specified in Para 3.1 and 3.2;
- (b) The Eligibility Criteria;
- (c) The Exercise Period within which the Employee should exercise the ESAR and that ESAR would lapse on failure to Exercise the ESAR within the Exercise Period;
- (d) The right of an Employee to exercise all the ESARs vested in him at one time or at various points of time within the Exercise Period;
- (e) 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. In this regard following shall be taken into consideration by the Committee:
 - (i) the number and the price of ESAR shall be adjusted in a manner such that total value of the ESAR remains the same after the corporate action.
 - (ii) the Vesting Period and the life of the ESAR shall be left unaltered as far as possible to protect the rights of the ESAR Grantees.
- (f) The procedure and terms for the Grant, Vest and Exercise of ESARs in case of ESAR Grantees who are on long leave;
- (g) Mode of payment of the any price (cheque, demand draft, deduction from salary, or any other mode);
- (h) Determine the procedure for buy-back of Options granted under the Plan if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
 - 1. permissible sources of financing for buy-back;
 - 2. any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - 3. limits upon quantum of Options that the Company may buy-back in a financial year
- f) The procedure for funding for Exercise of ESARs, as permitted under the Applicable Laws



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- g) Approve forms, writings and/or agreements, if entered by the Company, for use in pursuance of the ESARP 2018; and
- h) Frame suitable policies and procedures to ensure that there is no violation of the securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating To Securities Market) Regulations, 2003 or any statutory modification or re-enactment of these regulations by the Company, Subsidiary(ies) or any of the Employees, as applicable.

5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted ESARs under ESARP 2018. The specific Employees to whom the ESARs would be granted and their Eligibility Criteria would be determined by the Committee.
- 5.2 The Plan shall be applicable to the Company, its Subsidiary (ies) within or outside India, and any successor company thereof and ESARs may be granted to the Employees of the Company, its Subsidiary (ies), as determined by the Committee at its sole discretion.
- 5.3 The ESARs granted to an Employee shall be subject to the terms and conditions set forth in this Plan.
- 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 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 ESARs

Each Grant of ESARs under the ESARP 2018 shall be made in writing by the Company to the eligible Employees in such form as may be approved under ESARP 2018 from time to time.

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 60 days from the date of the Grant, as specified in the letter of



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Grant. On receipt by the Company of the signed acceptance, the eligible Employee will become an ESAR Grantee.

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 / Conditions

- 7.1 ESARs granted under ESARP 2018 would Vest after a minimum period of **One (1) year** but not later than a maximum period of **Seven (7) years** from the Grant Date of such ESARs. The Committee shall determine the specific Vesting percentage and schedule which may be different for different Employees or class thereof at the time of Grant.

Provided that in case where ESARs are granted by the Company under the Plan in lieu of any employee stock options/ ESARs 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 such options/ ESARs granted by the Transferor Company were held by him shall be adjusted against the minimum Vesting Period required under this Sub-clause, at the discretion of the Committee in due compliance with the provisions of SEBI SBEB SE Regulations. **Provided Further** that in the event of death or permanent incapacity, the minimum vesting period of One (1) year shall not be applicable and in such instances, the ESARs shall vest on the date of death or permanent incapacity

Vesting of ESARs would be subject to continued employment with the Company or Subsidiary, as the case may be and that the ESAR Grantee has not served any notice of resignation.

Provided specifically that the Committee may at its discretion vary the Vesting percentage and schedule not exceeding maximum of Four (4) years of Vesting Period from the Grant Date in case of non-achievement of predefined performance conditions, behavioural issues or other criteria in case of an ESAR Grantee.

- 7.2 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document(s) given to the ESAR Grantee at the time of Grant of ESARs.

7.3 Vesting of ESARs 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 Committee.



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8. ESAR Price

- 8.1 The ESAR Price per ESAR shall be, maximum upto 40% (forty percent) discount on the closing market price of the share on the previous date of grant of such ESARs, as determined by the Committee from time to time.
- 8.2 The ESAR Price shall have relevance for the purpose of determination of Appreciation and the ESAR Grantees are not required to pay the ESAR Price. However, upon Vested ESARs are settled by way of allotment of Shares, the ESAR Grantees shall pay the face value of Shares prevailing at the time of such allotment as per Sub-clause 9.3 of the Plan.

9. Exercise of ESARs

9.1 While in employment/ service

The Exercise Period in respect of a Vested ESARs shall be **Five (5) years** from the date of Vesting of such ESARs.

9.2 Exercise Period in case of separation from employment/ service:

Vested ESARs can be exercised subject to treatment of Unvested ESARs as per provisions outlined herein below:

Sr. No.	Particulars	Vested ESARs	Unvested ESARs
1.	Resignation / Termination (other than due to misconduct or breach of Company Policies/Terms of Employment)	All the Vested ESARs as on date of submission of resignation or termination shall be exercised by the ESAR Grantee on or before last working day in the Company or its Subsidiary or before the expiry of the Exercise Period, whichever is earlier.	All Unvested ESARs on the date of submission of resignation/ date of termination shall stand cancelled with effect from that date.
2.	Termination due to misconduct or due to breach of Company	All the Vested ESARs which were not exercised at the time of such termination shall stand	All Unvested ESARs on the date of such termination shall stand cancelled with effect from the termination date.



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	Policies/Terms of Employment	cancelled with effect from the date of such termination.	
3.	Retirement / early Retirement approved by the Company	All the Vested ESARs as on date of Retirement shall be exercised by the ESAR Grantee within 12 months from the date of last working day in the Company or its Subsidiary.	All Unvested ESARs on the date of Retirement granted to the Employee would continue to vest in accordance with the respective vesting schedules even after Retirement or superannuation unless otherwise determined by the Committee in accordance with the Company's Policies and the Applicable Law.
4.	Death	All Vested ESARs may be exercised by the deceased ESAR Grantee's Nominee or legal heir(s) immediately after, but in no event later than 12 months from the date of last working day, in the same manner as the ESAR Grantee could have exercised had he been alive, subject to the production of documentary evidence to the satisfaction of the Company with respect to identity of Nominee or legal heir(s) and upon compliance with such other formalities as may be required by the Company.	All the Unvested ESARs as on the date of death shall be deemed to vest immediately and may be exercised as per provisions applicable for Vested ESARs.



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5.	Termination due to Permanent Incapacity	All Vested ESARs as on the date of incurring such disability may be exercised by the ESAR Grantee immediately after, but in no event later than 12 months from the date of last working day in the Company or its Subsidiary.	All the Unvested ESARs as on the date of incurring such disability shall be deemed to vest immediately and may be exercised as per provisions applicable for Vested ESARs.
6.	Abandonment	All the Vested ESARs shall stand cancelled with effect from the date of abandonment as determined by the Committee.	All the Unvested ESARs shall stand cancelled with effect from the date of abandonment as determined by the Committee.
7.	Termination due to any other reason apart from those mentioned above	The Committee shall decide whether the Vested ESARs as on that date can be exercised by the ESAR Grantee or not, and such decision shall be final.	All Unvested ESARs on the date of such termination shall stand cancelled with effect from that date.

9.3 The ESARs shall be deemed to have been exercised when an ESAR Grantee makes an application in writing to the Company or by any other means as decided by the Committee, for the issuance of Shares against the ESARs vested in him, subject to payment of face value per Share allotted and compliance of other requisite conditions of Exercise.

9.4 **Lapse of ESARs**

The ESARs not exercised within the Exercise Period prescribed above shall lapse and the ESAR Grantee shall have no right over such lapsed or cancelled ESARs.

10. **Settlement of Exercised ESARs**

10.1 Any or all Vested ESARs upon Exercise shall be settled by way of allotment of Shares. The number of Shares shall be determined as under:



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Number of Shares to be allotted = (Appreciation per ESAR x Number of ESARs exercised) / Market Price with reference to date of Exercise.

- 10.2 If the Settlement results in fractional Shares, then the consideration for fractional Shares shall be settled in Cash or in the manner as may be decided by the Committee.
- 10.3 The ESAR Grantee shall pay the face value of a Share prevailing at the time of such allotment per Share allotted subject to additional payment/ recovery of applicable taxes pursuant to Clause 14 of the Plan.
- 10.4 Any payment made by an ESAR Grantee shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Committee may determine.

11. Lock-in

- 11.1 The Shares arising out of Exercise of Vested ESARs would not be subject to any lock-in period after such Exercise.

Provided that the Shares allotted on such Exercise cannot be sold for such period of time as prescribed under code of conduct for prevention of Insider Trading of the Company read with the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

12. Exit route in case of de-listing

- 12.1 If the Company gets de-listed from all the Recognized Stock Exchanges, then the Board shall have the power to set out terms and conditions for the treatment of Vested ESARs and Unvested ESARs in due compliance of the then prevailing Applicable Laws.

13. Other Terms and Conditions

- 13.1 Nothing herein is intended to or shall give the ESAR 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 ESAR Grantee exercises the ESARs and becomes a registered holder of the Shares of the Company.
- 13.2 The ESARs shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 13.3 If the Company issues bonus or rights Shares, the ESAR Grantee will not be eligible for the bonus or rights Shares in the capacity of an ESAR Grantee. However, an adjustment to the number of



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ESARs or the ESAR Price or both would be made in accordance with Sub-clause 4.2(e) of ESARP 2018.

- 13.4 ESARs shall not be transferable to any person except in the event of death of the ESAR Grantee or inability to exercise due to Permanent Disability, in which case provisions of Sub-clause 9.2 would apply.
- 13.5 No person other than the ESAR Grantee to whom the ESARs are granted shall be entitled to Exercise the ESARs except in the event of the death of the ESAR Grantee in which case provisions of Sub-clause 9.2 would apply. If due to Permanent Disability, an ESAR Grantee is unable to exercise the ESARs, the Committee may permit the nominee of the disabled ESAR Grantee to exercise the ESARs on his behalf.

14. Taxation

- 14.1 The liability of paying taxes if any, in connection with Settlement of ESARs granted pursuant to this Plan shall be entirely on ESAR Grantee and shall be in accordance with the provisions of Income tax Act, 1961 and the rules framed thereunder.
- 14.2 The Company shall have the right to recover from ESAR Grantee or deduct from the ESAR Grantee's salary, any of the ESAR Grantee's tax obligations arising in connection with the Shares allotted or ESARs settled in Cash (for a fraction of a Share) upon the Exercise thereof. The Company shall have no obligation to deliver Shares or make payment of any amount of Cash until the Company's tax deduction obligations, if any, have been fully satisfied by the ESAR Grantee.

15. Authority to vary terms

- 15.1 The Board or Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the ESARP 2018, subject to the prior shareholders approval in a general meeting of the Company by way of a special resolution and compliance with the Applicable Laws.

Provided that the variation is not be prejudicial to the interest of the Employees.

16. Miscellaneous

- 16.1 Government Regulations

This ESARP 2018 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from government authorities, if any and to the extent required.



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16.2 Inability to obtain approval

The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance of any Shares or payment of Cash hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to Grant the ESARs, issue Shares or pay Cash.

16.3 General Risks

Participation in the ESARP 2018 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 ESAR Grantee alone. The ESAR Grantee is encouraged to make considered judgment and seek adequate information /clarifications essential for appropriate decision.

16.4 The Grant of an ESAR does not form part of the ESAR Grantee's entitlement to compensation or benefits pursuant to his/her 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 ESAR granted to him/her in respect of any number of Shares or any expectation that a ESARs might be granted to him/her whether subject to any condition or at all.

16.5 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an ESAR shall give such individual any right, entitlement or expectation that he/she has or will in future have any such right, entitlement or expectation to participate in this Plan or any future Plan (s) by being granted an ESAR on any other occasion.

16.6 The rights granted to an ESAR Grantee upon the grant of ESARs shall not accord the ESAR Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his/her office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

16.7 The ESAR 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 ESAR in whole or in part.

17. Notices

17.1 All notices of communication required to be given by the Company to an ESAR Grantee by virtue of the ESARP 2018 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:



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- i. Sending communication(s) to the address of the ESAR Grantee available in the records of the Company; or
 - ii. Delivering the communication(s) to the ESAR Grantee in person with acknowledgement of receipt thereof; or
 - iii. Emailing the communication(s) to the ESAR Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the ESAR Grantee after cessation of employment.
- 17.2 Any communication to be given by an ESAR Grantee to the Company in respect of ESARP 2018 shall be sent to the person at the address mentioned below:

Head- Human Resource

V.I.P. Industries Limited,

Address: 5th Floor, DGP House, 88-C, Old Prabhadevi Road, Mumbai – 400 025, Maharashtra.

E-mail: purvi.masekar@vipbags.com

18. Governing Law and Jurisdiction

- 18.1 The terms and conditions of the ESARP 2018 shall be governed by and construed in accordance with the laws of India.
- 18.2 The Courts in Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESARP 2018.

19. Income Tax Rules

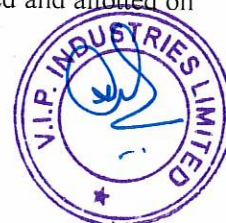
The Income Tax Laws and Rules in force will be applicable.

20. Nomination

The Employee has to nominate a person as his/her nominee. The nominee in case of death or legal incapacity of Employee shall be the legal representative recognized by the Company as the inheritor of the Employee in respect of all rights and liabilities for the purposes of this ESARP 2018.

21. Listing of the Shares

For listing of shares pursuant to ESAR, the company shall obtain the in-principle approval of the recognized stock exchanges where it proposes to list the said shares prior to the grant of ESAR. Further, subject to receipt of necessary approvals in this regard, the Shares issued and allotted on



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Exercise of the ESARs shall be listed on the Recognized Stock Exchanges on which the Shares of the Company are listed or proposed to be additionally listed.

22. Restriction on transfer of ESARs

- 22.1 The ESARs shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 22.2 ESARs shall not be transferable to any person except in the event of death of the ESAR Grantee, in which case provisions at Sub-clause 9.2 would apply.
- 22.3 No person other than the Employee to whom the ESAR is granted shall be entitled to Exercise the ESAR except in the event of the death of the ESAR Grantee holder, in which case provisions at Sub-clause 9.2 would apply.

23. Severability

In the event any one or more of the provisions contained in this ESARP 2018 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this ESARP 2018, but this ESARP 2018 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the ESARP 2018 shall be carried out as nearly as possible according to its original terms and intent.

24. Accounting Policy

The Company shall follow the requirements including the disclosure requirements and the IND AS 102 on Share based Payments and/or any relevant Accounting Standards as may be prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 or any other statutory authority from time to time, including any guidance note on Accounting for employee share-based payments issued in that regard from time to time and the disclosure requirements prescribed therein, in compliance with relevant provisions of Regulation 15 of the SEBI SBEB SE Regulations.

The Company shall make disclosures to the prospective ESAR Grantees containing statement of risks, information about the Company and salient features of the ESAR 2018 in a format as prescribed under SEBI SBEB & SE Regulations.



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The Company shall disclose details of Grant, Vest, Exercise and lapse of the ESARs in the Directors' Report or in an annexure thereof as prescribed under SEBI SBEB & SE Regulations or any other Applicable Laws as in force.

25. Certificate from Secretarial Auditors and Disclosures

The Board shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Plan has been implemented in accordance with the SEBI SBEB SE Regulations and in accordance with the resolution of the Company in the general meeting. The Board shall also make the requisite disclosures of the Plan, in the manner specified under the SEBI SBEB Regulations.

26. Confidentiality

- 26.1 ESAR Grantees must keep the details of the ESARP 2018 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his/her peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates except disclosures to such authorities as required under law. In case ESAR Grantee is found in breach of this Confidentiality Clause, the Company shall have undisputed right to terminate any agreement and all unexercised ESARs 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 ESAR Grantee. In case of non-adherence to the provisions of this Clause, the Committee will have the authority to deal with such cases as it may deem fit.
- 26.2 The ESAR Grantee agrees that the Company may be required to disclose information of the ESAR Grantee during the process of implementation of the ESARs or while availing services relating to ESARs consulting, advisory services or ESARs Management services and/ or any other such incidental services. The ESAR Grantee hereby accords his/her consent that such confidential information regarding his/her ESARs entitlements may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.

-----END OF DOCUMENT-----

