

Modification of ESOP Plan 2018

The Disclosure as required under Part- C of Regulation 6(2) of SEBI (Share Based Employee Benefits and Sweat Equity) Regulation 2021 for modifying the ESOP Pan 2018 of the company is given below:

S. No.	Particulars	Details
1	Brief description of the scheme(s);	The primary objective of the Plan is to reward the key Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract, retain and motivate key talents working with the Company, as the case may be, by way of rewarding their high performance and motivate them to contribute to the overall corporate growth and profitability. The Company views Employee Stock Options as long-term incentive tools that would enable the Employees not only to become co-owners, but also to create wealth out of such ownership in future.
2	The total number of options, SARs, shares or benefits, as the case may be, to be offered and granted;	The shareholders of the Company vide special resolution dated 11 September 2026 have modified the Plan authorizing the Committee to grant additional 2,12,000 Options to eligible employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 10,25,000 Shares, 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	Identification of classes of employees entitled to participate and be beneficiaries in the scheme(s);	Only Employees are eligible for being granted Options under Plan. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Committee at its sole discretion.
4	Requirements of vesting and period of vesting;	Options granted under Plan shall vest not earlier than 1 (One) year and not later than maximum Vesting Period of 5 (Five) years from the date of Grant.
5	Maximum period (subject to regulation 18(1) and 24(1) of these regulations, as the case may be) within which the options / SARs / benefits shall be vested;	Options granted under Plan shall vest not earlier than 1 (One) year and not later than maximum Vesting Period of 5 (Five) years from the date of Grant.
6	Exercise price, SAR price, purchase price or pricing formula;	The Exercise Price shall be equal to the Fair Market Value of a Share of the Company as on date of Grant, subject to conformity with Regulation 15 of the SBEB Regulations. The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.

7	Exercise period/offer period and process of exercise/acceptance of offer;	The Exercise Period in respect of a Vested Option shall be subject to a maximum period of 4 (four) years commencing after, either the date of Vesting of such Option or the date of Listing, whichever is later. The specific Exercise Period shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.
8	The appraisal process for determining the eligibility of employees for the scheme(s);	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.
9	Maximum number of options, SARs, shares, as the case may be, to be offered and issued per employee and in aggregate, if any;	The Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling prescribed in clause 3.6. If the number of Options that may be offered to eligible Employees, during any one year, shall be equal to or more than 1% (one percent) of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant of Options, then the Company shall take prior approval from members of the Company by way of a special resolution.
10	Maximum quantum of benefits to be provided per employee under a scheme(s);	The Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling prescribed in clause 3.6. If the number of Options that may be offered to eligible Employees, during any one year, shall be equal to or more than 1% (one percent) of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant of Options, then the Company shall take prior approval from members of the Company by way of a special resolution.
11	Whether the scheme(s) is to be implemented and administered directly by the company or through a trust;	The ESOP 2018 shall be administered by the Committee. All questions of interpretation of the ESOP 2018 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 2018 or in any Option issued thereunder. Further, Committee shall have all the powers to take necessary decisions for effective implementation of the ESOP Scheme 2018.
12	Whether the scheme(s) involves new issue of shares by the company or secondary acquisition by the trust or both;	The shareholders of the Company vide special resolution dated 11 September 2026 have modified the Plan authorizing the Committee to grant additional 2,12,000 Options to eligible employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 10,25,000 Shares, 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.
13	The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.;	Not Applicable
14	Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s);	Not Applicable
15	A statement to the effect that the company shall conform to the accounting policies specified in regulation 15;	The Company shall follow the rules/regulations applicable to accounting of Options with reference to Fair Market Value of Shares as on date of Grant.
16	The method which the company shall use to value its options or SARs	The Company shall follow the rules/regulations applicable to accounting of Options with reference to Fair Market Value of Shares as on date of Grant. The rules/regulations to be followed shall include but not limited to the IND AS/ Guidance Note on Accounting for Employee Share-based Payments 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.
17	The following statement, if applicable: ‘In case the company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report';	Not applicable
18	Period of lock-in.	The Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such issue except as required under the Applicable Laws including that under the Securities and Exchange Board of India (Issue of Capital and Disclosure

		Requirements) Regulations, 200918, or code of conduct framed, if any, by the Company after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.
19	Terms & conditions for buyback, if any, of specified securities covered under these regulations.	Not Applicable

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Employee Stock Option Plan 2018

Stove Kraft Limited

STOVE KRAFT LIMITED

Regd. office: 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk,
Ramanagar, Karnataka - 562112
CIN: L29301KA1999PLC025387

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1. Name, Objectives and Term of the Plan

- 1.1 This employee stock option Plan shall be called the '**Stovekraft Employee Stock Option Plan 2018**'.
- 1.2 The primary objective of the Plan is to reward the key Employees for their association, dedication and contribution to the goals of the Company. The Company intends to use this Plan to attract, retain and motivate key talents working with the Company, as the case may be, by way of rewarding their high performance and motivate them to contribute to the overall corporate growth and profitability. The Company views Employee Stock Options as long-term incentive tools that would enable the Employees not only to become co-owners, but also to create wealth out of such ownership in future.
- 1.3 The Plan is established with effect from **10TH September, 2018**, on which the shareholders of the Company have approved the Plan by way of a special resolution and it shall continue to be in force until (i) its termination by the Company as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the Plan have been issued and exercised, whichever is earlier.
- 1.4 Subject to provisions of Clause 177 of this Plan, the Board or the Committee as authorized may at any time alter, amend, suspend or terminate the Plan.

2. Definitions and Interpretations

2.1 Definitions

- i. "**Applicable Laws**" means every law relating to Options, to the extent applicable, including and without limitation to the Companies Act, regulations of the Securities and Exchange Board of India, particularly in connection with or after Listing, including SEBI SBEB Regulations, all relevant tax, securities, exchange control, corporate laws, or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares may be listed or quoted.
- ii. "**Board**" means the Board of Directors of the Company.
- iii. "**Companies Act**" means the Companies Act, 2013, rules made thereunder, and includes any statutory modifications or re-enactments thereof.

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- iv. **"Company"** means Stove Kraft Limited a company incorporated under the provisions of the Companies Act, 1956, having CIN: L29301KA1999PLC025387 and having its registered office at 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk, Ramanagar District, Karnataka - 562 112
- v. **"Closing Date"** means the last date on which the offer of Options by the Company to an eligible Employee can be accepted. In case the last date is a non-working day, then the Closing Date shall be on the next working day.
- vi. **"Director"** means a member of the Board of the Company.
- vii. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Committee for determining the eligibility of Employees for Grant of Options under the Plan.
- viii. **"Employee"** means (i) a permanent employee of the Company or of the subsidiary of the Company working in or outside India; or (ii) a Director of the Company or of the subsidiary of the Company, whether a whole time director or not, but does not include:
 - (a) an employee who is a Promoter or a person belonging to the Promoter Group;
 - (b) a Director who either by himself /herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than 10% of the issued and subscribed Shares of the Company; and
 - (c) an Independent Director of the Company within the meaning of the Companies Act.
- ix. **"Employee Stock Option"** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe and be allotted at a future date Share(s) underlying such option at a pre-determined price.
- x. **"ESOP 2018"** means this ['Stove Kraft Employee Stock Option Plan 2018'] under which the Company is authorized to grant Options to the Employees.
- xi. **"Exercise"** of an Option means expression of an intention by an Option Grantee to the Company to issue of Shares underlying the Options vested in him, in pursuance of this ESOP 2018, in accordance with the procedure laid down by the Company for Exercise of Options.
- xii. **"Exercise Period"** means such time period commencing after Vesting within which the Employee should exercise the Options vested in him in pursuance of the Plan, as

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more particularly specified at Sub-clause 8.2 of the Plan.

- xiii. **“Exercise Price”** means the price determined by the Committee as per provisions of this Plan and specified in the Grant Letter, being payable by an Employee on the Exercise of Options vested in him in pursuance of the Plan.
- xiv. **“Fair Market Value”** means “Market Price” within the meaning of the SEBI SBEB Regulation~~fair market value of a Share of the Company as determined by a registered valuer or independent valuer as required under the Companies Act;~~

~~Provided that after Listing, the term ‘Fair Market Value’ shall refer to “Market Price” within the meaning of the SEBI SBEB Regulation.~~
- xv. **“Grant”** means issue of Options to the Employees by the Company under the Plan.
- xvi. **“Grant Letter”** means the formal communication as regards Grant made by the Company to the Employee containing specific details of the Grant.
- xvii. **“Liquidity Event”** means any event or transaction as decided and approved by the Board as liquidity event for the purposes of this Plan, from time to time, which more particularly includes the following events:
- Event conferring a right of tag along to the Option Grantees in terms of provisions of Sub-clause 10.1 below;
 - Strategic Sale event conferring a right of drag along to the Current Shareholders in terms of provisions of Sub-clause 10.2 of the Plan;
 - Offer for purchase by investor(s) in term of provisions of Sub-clause 10.3 below;
 - Any other event, which the Board may designate as a liquidity event for the purpose of ESOP 2018.
- xviii. **“Listing”** means listing of the Company’s Share on any recognized Stock Exchange pursuant to an initial public offer (IPO).
- xix. **“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 Board after giving the Employee an opportunity of being heard:

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- (i) dishonest statements or acts of an Employee, with respect to the Company;
 - (ii) any misdemeanour involving moral turpitude, deceit, dishonesty or fraud committed by the Employee;
 - (iii) gross negligence, misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company;
 - (iv) breach by the Employee of any terms of his employment agreement or the Company's policies or other documents or directions of Company;
 - (v) participating or abetting a strike in contravention of any law for the time being in force; and
 - (vi) misconduct as provided under the labour laws after following the principles of natural justice.
- xx. **"Committee"** means the Nomination and Remuneration Committee of the Board, as constituted or reconstituted from time to time under ~~S~~ection 178 or any other relevant provisions of the Companies Act, for administration and superintendence of this Scheme and having such powers as specified under the SEBI SBEB Regulations, and set out in this Scheme .
- xxi. **"Option"** means an Employee Stock Option within the meaning of this Plan.
- xxii. **"Option Grantee"** means an Employee who has been granted an Option and has accepted such Grant as required under the Plan.
- xxiii. **"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.
- xxiv. **"Plan"** means ESOP 2018 within the meaning of this document.
- xxv. **"Promoter"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, ~~2009~~2018.
- xxvi. **"Promoter Group"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, ~~2009~~2018. Provided where the Promoter or Promoter Group is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of the Company.
- xxvii. **"Retirement"** means retirement as per the rules of the Company.

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- xxviii. **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations 2021 as amended from time to time read with all circular and notifications issued thereunder.
- xxix. **“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 this Plan.
- xxx. **“Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited, or any other recognized Stock Exchange in India on which the Company’s Shares are listed or to be listed in future.
- xxxi. **“Unvested Option”** means an Option, which is not a Vested Option.
- xxxii. **“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.
- xxxiii. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the Plan.
- xxxiv. **“Vesting Condition”** means the condition prescribed, if any, subject to satisfaction of which the Options granted would vest in an Option Grantee.
- xxxv. **“Vesting Period”** means the period during which the Vesting of the Option granted to the Employee, in pursuance of the Plan 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 for interpretation;
- (b) a reference to a clause number is a reference to its Sub-clauses;
- (c) words in singular number include the plural and vice versa;
- (d) words importing a gender include any other gender;
- (e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference; and

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- (f) the terms defined above shall for the purposes of this Plan have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Laws including SEBI SBEB Regulations, as the context requires. Reference to any Act, Rules, Statute or Notification shall include any statutory modifications, substitution or re-enactment thereof.

3. Authority and Ceiling

- 3.1** The shareholders of the Company had vide their special resolution dated 10.09.2018 approved the Plan authorizing the Committee to grant not exceeding 8,13,000 (Eight Lakhs Thirteen Thousand) Options to the eligible Employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 8,13,000 (Eight Lakhs Thirteen Thousand) Shares, 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. Notice dated 07 September 2018 of the Extraordinary General Meeting was sent to shareholders for approving the said Plan. Out of 8,13,000 Options, In-Principle approval for 65,220 is yet to be obtained.

Subsequently the said Plan was ratified and amended by passing a special resolution on 31 August 2021. Notice dated 29 July 2021 of the Annual General Meeting was sent to shareholders for ratifying and amending the said Plan.

3.1—Subsequently the shareholders of the Company vide special resolution dated 11 September 2026 have modified the Plan authorizing the Committee to grant additional 2,12,000 Options to eligible employees in one or more tranches, from time to time, which in aggregate exercisable into not more than 10,25,000 Shares, 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. Notice dated 03 August 2026 of the Annual General Meeting was sent to shareholders for amending the said Plan. In-Principle approval for said 212,000 Options will be obtained. Totally In-Principle approval for 277,220 options will be obtained after AGM.

- 3.2** The Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee within this ceiling prescribed in clause 3.6.
- 3.3** If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options reserve specified above and shall become available for future Grants, subject to compliance with the provisions of the Applicable Laws.
- 3.4** Where Shares are issued consequent upon exercise of an Option under the Plan, the maximum

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number of Shares that can be issued in Clause 3.1 above shall stand reduced to the extent of
such Shares issued.

- 3.5 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this Plan, the maximum number of Shares available for being issued under Plan as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs. 10 per Share and the revised face value after the Share split is Rs. 5 per Share, the total

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number of Shares available under Plan would be (Shares reserved at Sub-Clause 3.1 x 2) Shares of Rs. 5 each. Similarly, in case of bonus issue, rights issue, etc. the available number of Shares under Plan shall be revised to restore the value, in terms of Clause 4.2(h) of this Plan.

3.6 If the number of Options that may be offered to eligible Employees, during any one year, shall be equal to or more than 1% (one percent) of the issued capital (excluding outstanding warrants & conversions) of the Company at the time of grant of Options, then the Company shall take prior approval from members of the Company by way of an ordinary special resolution.

The present Authorised Share Capital of the Company is Rs. 40,00,00,050/- (Rupees Forty Crores and Fifty Only) divided into 4,00,00,005 (Four Crores and Five) Equity Shares of Rs.10/- (Rupees Ten Only).

The issued share capital of the Company as on the date of institution (10 Sept 2018) of the scheme was Rs. 24,71,67,370 (Rupees Twenty Four Crore Seventy One Lakh Sixty Seven Thousand Three Hundred Seventy Only) divided into 2,47,16,737 (Two Crore Forty Seven Lakh Sixteen Thousand Seven Hundred Thirty Seven) Equity Shares of Rs.10/- (Rupees Ten Only).

The issued share capital of the Company as on the date of amendment (11 Sept 2026) of the scheme is Rs. 33,10,73,210 (Rupees Thirty Three Crore Ten Lakh Seventy Three Thousand Two Hundred and Ten Only) divided into 3,31,07,321 (Three Crore Thirty One Lakh Seven Thousand Three Hundred Twenty One) Equity Shares of Rs.10/- (Rupees Ten Only).

3.6 The listed capital of the Company as on the date is Rs. 33,10,73,210 (Rupees Thirty Three Crore Ten Lakh Seventy Three Thousand Two Hundred and Ten Only) divided into 3,31,07,321 (Three Crore Thirty One Lakh Seven Thousand Three Hundred Twenty One) Equity Shares of Rs.10/- (Rupees Ten Only).

4. Administration

4.1 The ESOP 2018 shall be administered by the Committee. All questions of interpretation of the ESOP 2018 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 2018 or in any Option issued thereunder. Further, Committee shall have all the powers to take necessary decisions for effective implementation of the ESOP Scheme 2018.

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

- (a) The maximum number of options to be granted to an eligible employee will be determined by and at the sole discretion of the Nomination and Remuneration Committee on a case-to-case basis.
- (b) the Eligibility Criteria for grant of Option to the Employees;
- (c) The time when the Options are to be granted;

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- (d) The number of Options to be granted to each Option Grantee;
- (e) The terms and conditions subject to which the Options granted would vest in the Option Grantee;
- (f) The date of Vesting of the Options granted;
- (g) Obtaining permissions from, making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable in this regard;
- (h) 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 corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration by the Committee:

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- (i) the number and price of Options shall be adjusted in a manner such that total value of the Options in the hands of the Option Grantee remains the same after such corporate action; and
 - (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- (i) The procedure and terms for the Grant, Vesting and Exercise of Options in case of Option Grantees who are on a long leave;
 - (j) the conditions under which Option vested in Employees may lapse in case of termination of employment for misconduct;
 - (k) Approve forms, writings and/or agreements for use in pursuance of this ESOP 2018;
 - (l) The procedure for cashless exercise of Options;
 - (m) Identify the Eligible Employees from time to time;
 - (n) Determine the Exercise Price of the Options granted; and
 - (o) Formulate suitable policies and procedures to ensure that there is no violation of Applicable Laws, in relation to this Scheme by the Company/ Board/ Shareholders/ Participants.

5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Options under Plan. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Committee at its sole discretion.
- 5.2 The Plan shall be applicable to the Company and any successor Company thereof and Options may be granted to the Employees of the Company, as determined by the Committee at its sole discretion.
- 5.3 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 Options

- (a) Grants contemplated under the Plan shall be made annually 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 Grant Letter containing specific details of the Grant,

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and disclosure requirements, as prescribed under Applicable Laws and will specify the number of Options to which the Participant is entitled, the Exercise Price, method of payment, vesting schedule, the Closing Date of accepting the offer and such other details as the Committee may specify.

(c) Approval of shareholders by way of separate resolution in the general meeting shall be obtained by the company in case of Grant of option to employees of subsidiary company.

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6.2 Acceptance of the Grant

(a) Any eligible Employee who wishes to accept the Grant made under this Plan must deliver to the Company a duly signed acceptance of the Grant within -on-or-before the Closing Date 60 days from the date of grant, as specified in the Grant Letter. No amount is required to be paid at the time of Acceptance of Grant.

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(b) On duly receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee. On failure to deliver such acceptance before the specified date, shall result in rejection of the Grant and lapse of Options unless the Committee determines otherwise.

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7. Vesting Schedule/ Conditions

7.1 Options granted under Plan shall vest not earlier than **1 (One) year** and not later than maximum Vesting Period of **5 (Five) years** 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 Options would be subject to continued employment with the Company and thus the Options would vest essentially on passage of time. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.

7.3 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place shall be as under would be outlined in the Grant Letter.:

(a) Vesting schedule and Vesting conditions

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<u>On 1st anniversary from the date of grant</u>	<u>10% of ESOPs granted shall get vested</u>	<u>Continued employment / service with the Company on relevant date of Vesting and such other performance criteria as may specified by Nomination and Remuneration Committee.</u>
<u>On 2nd anniversary from the date of grant</u>	<u>20% of ESOPs granted shall get vested</u>	
<u>On 3rd anniversary from the date of grant</u>	<u>30% of ESOPs granted shall get vested</u>	
<u>On 4th anniversary from the date of grant</u>	<u>40% of ESOPs granted shall get vested</u>	

(b) Exercise period: As per the Policy.

7.2— (c) Other terms: As per the Policy.

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7.37.4 Vesting of Options in case of Employees on long leave

7.4 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.

7.5 The NRC may allow vesting on accelerated basis at such time and on occurrence of such event for such employees as it may deem fit i.e., such options shall vest immediately subject to completion of 1 year from the effective date.

8.8 Exercise

8.1 Exercise Price

The Exercise Price shall be equal to the Fair Market Value of a Share of the Company as on date of Grant, subject to conformity with Regulation 15 of the SBEB Regulations. The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.

8.2 Exercise Period

(a) Exercise while in employment/ service:

The Exercise Period in respect of a Vested Option shall be subject to a maximum period of 4 (four) years commencing after, either the date of Vesting of such Option or the date of Listing, whichever is later. The specific Exercise Period shall be intimated to the Option Grantee in the Grant Letter at the time of Grant. The employee can exercise all the options vested at one time. Further the employee can exercise all the options vested at various points of time within the exercise period.

~~Subject to Applicable Laws, prior to Listing, the Committee may, without any obligation, allow the Exercise of Vested Options in connection with or upon happening of a Liquidity Event and within such Exercise Period as prescribed by it.~~

(c)(b) Exercise Period in case of separation from employment/ service:

Subject to maximum Exercise Period stated above and subject to provisions of Clause 9 and Clause 10 below, such Vested Options can be exercised as under:

S. No.	Events of Separation	Vested Options	Unvested Options
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1	Resignation / termination (other than due to Misconduct or due to breach of Company Policies/ Terms of Employment)	Prior to Listing, all the Vested Options as on date of resignation / termination shall be exercisable by the Option Grantee only in connection with or upon happening of Liquidity Event. After Listing, such Vested Options can be exercised till by the last working day in the Company.	All the Unvested Options as on date of resignation/ termination shall stand cancelled with effect from date such resignation/ termination.
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2	Termination due to Misconduct or due to breach of Company Policies/Terms of Employment	All the Vested Options at the time of such termination shall stand cancelled with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand cancelled with effect from the date of such termination.
3	Retirement	Prior to Listing, a All the Vested Options as on date of Retirement shall be exercisable by the Option Grantee only in connection with or upon happening of Liquidity Event. After Listing, such Vested Options can be exercised by the option grantee on or before last working day in the Company.	All Unvested Options on the date of Retirement shall stand cancelled with effect from date of Retirement.
4	Death	Prior to Listing, a All the Vested Options may be exercised by the Option Grantee's nominee or legal heirs only in connection with or upon happening of Liquidity Event. After Listing, such Vested Options can be exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than 2 (two) years from the date of death of the Option Grantee.	All the Unvested Options as on date of death shall be deemed to vest immediately to in the Option Grantee's nominee or legal heir and can be exercised by the Option Grantee's nominee or legal heir as per provisions applicable to Vested Options.
5	Permanent Disability	Prior to Listing, a All the Vested Options may be exercised by the Option Grantee Options can be exercised immediately after, but in no event later than 2 (two) years from the date of incurring such disability only in connection	All the Unvested Options as on date of incurring of such incapacity shall be deemed to vest immediately and can be exercised by the Option Grantee as per provisions applicable to Vested Options.

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		with or upon happening of Liquidity Event. After Listing, such Vested	
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		Options can be exercised immediately after, but in no event later than 2 (two) years from the date of incurring such disability.	applicable to Vested Options.
6	Abandonment of employment	All the Vested Options shall stand cancelled. The date of cancellation of such Options shall be determined by the Board which shall be final and binding.	All the Unvested Options shall stand cancelled. The date of cancellation of such Options shall be determined by the Board which shall be final and binding.
7	Other reasons apart from those mentioned above	The Board will decide whether the Vested Options which were not exercised as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from such date.

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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 obtaining of Shares against the Options vested in him, subject to payment of Exercise Price, applicable taxes and compliance of other requisite conditions of Exercise.

8.4 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

9. Special provision for Exercise in case of

~~9.0 Notwithstanding anything contained elsewhere in the Plan, in case the Company proposes Listing, all the Vested Options held by an Option Grantee (including nominee or legal heir of a deceased Option Grantee) who ceases to be in employment/ service of the Company, can be exercised only during the period notified by the Board in this behalf.~~

~~9.0 For effecting this, the Company shall, after the Board has adopted a resolution approving the Listing and prior to filing of the red herring prospectus with the Securities and Exchange Board of India, issue a notice to all such Option Grantees holding Vested Options at their registered address available in the records of the Company informing them of this special provision for Exercise of Vested Options. In case of failure to exercise within the notified period, such~~

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~~Options shall immediately lapse and such Option Grantee shall have no recourse over such lapsed Options.~~

9.1 ~~Accordingly, for the period between the date of issue of notice intimating the period as aforesaid and the completion of such Listing (i.e. initial public offer), in case any Option Grantee ceases to be in employment/ service of the Company (including by reason of resignation/termination or termination due to misconduct or due to breach of Company policies/terms of employment or permanent disability or abandonment of employment or death or retirement), such Options shall immediately lapse and such Option Grantee shall have no recourse over such lapsed Options.~~

~~1. Exercise in case of Liquidity Events prior to Listing~~

~~3.0 Tag along rights of the Option Grantees:~~

~~(e) Subject to Applicable Laws and subject to provisions on Drag along rights of Current Shareholders, if prior to Listing, the Current Shareholders ("Selling Shareholder") intend to sell ("the Sale") any Shares ("the Sale Shares") to any person ("the Intended Purchaser") in one or more tranches, resulting in their combined current Shareholdings in the Equity Share Capital of the Company to fall by 10% or more, the Option Grantees who hold Vested Options or Shares, as the case may be, as on the date of issue of the Sale Notice (as explained below) shall have the right, but not the obligation, to offer proportionate number of Shares or exercise a proportionate number of the Vested Options and sell the resultant Shares arising out of such Exercise. The Selling Shareholder shall put in their best endeavor to ensure that the Intended Purchaser pays to the Option Grantees on terms no less favourable than those of the Sale as more particularly mentioned hereunder.~~

~~(g) The Selling Shareholder shall give a written notice ("Sale Notice") to the Option Grantees containing the salient features of the Sale and an offer ("Offer") to tag along a proportionate number of the Option Grantees Shares along with the Sale Shares in accordance with the provisions of this Clause. The Sale Notice shall specify the number of Sale Shares, the price at which they are proposed to be sold, the terms and conditions of the proposed Sale and the time within which the Offer must be accepted ("Offer Period") following which the Offer shall be deemed to be lapsed. The Offer Period shall not be less than 5 business days from the date of receipt of the Sale Notice by the Option Grantees. Once the offer is made, it shall be irrevocable during the Offer Period.~~

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~~Explanation: This tag along clause would be triggered only if the combined equity shareholding of the Current Shareholders in the equity share capital of the Company falls by 10% or more of their current shareholdings as a result of sale of equity shares. Thus, for example, if shareholding of the Current Shareholders, as a result of such sale falls by 15%, then an Option Grantee would be entitled to exercise and sell 15% of his/her shareholding or Vested Options subject to offer made by the Selling Shareholders.~~

~~Provided that nothing in this clause shall apply to transfer of Shares amongst the Current Shareholders or by the Current Shareholder(s) to any other individual in the family or to any Company in which such Current Shareholder(s) has more than 51% beneficial interest. For this purpose, 'any other individual in the family' means any parent, brother, sister, spouse, son or daughter.~~

13.0 ~~Drag along rights of shareholders upon Strategic Sale~~

~~(o) Subject to Applicable Laws, in case prior to Listing, to facilitate the Strategic Sale (defined below), the Current Shareholders ("Selling Shareholder") of the Company, shall have the right of drag-along any or all the Shares of the Option Grantees from exercise of Vested Options previously, if any. However, this drag-along shall be on terms not less favourable than those of the sale of the Shares held by the Selling Shareholder as more particularly mentioned hereunder.~~

~~(q) The Selling Shareholder shall deliver a written notice ("Notice") to each Option Grantee setting out the salient features of the Strategic Sale and details of the terms and conditions including number of Shares to be dragged-along, number of Vested Options to be exercised, the period within which the Vested Options shall be exercised, price per Share, the manner and mode of transfer of Shares.~~

~~(s) Option Grantees shall exercise so much of Vested Options to the extent of number of Shares being specified in the Notice in case Shares already held fall short of specified number of Shares and shall sell the resultant Shares along with Shares already held as per terms of the Notice. Each Option Grantee shall take all necessary and desirable actions in connection with the completion of the Strategic Sale, including executing agreements and instruments and taking other actions as may be reasonably necessary to provide the representations, warranties, indemnities, covenants, conditions and other provisions and agreements, as the case may be, required to complete the Strategic Sale.~~

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~~Provided that notwithstanding anything stated in the Plan, in case an Option Grantee does not intend to exercise the Vested Options stated if any in the Notice, he/she can do so and on such failure, the Vested Options as specified for Exercise in the Notice shall be deemed to lapse on expiry of such period.~~

~~(w) — If an Option Grantee exercises the Vested Options but fails for any reason to take any of the further actions described above, he/she shall be deemed to have appointed a Director nominated by the Company as his/her attorney, on his/her behalf and in his/her name, with full power, to execute, complete and deliver any document or instrument or to take any other action, including to receive the proceeds of the sale and to give good quitittance for the sale price in order to complete the Strategic Sale. The Option Grantee shall confirm and ratify the acts of such Company Director acting as his attorney under this Sub-clause.~~

~~**Explanation:** “Strategic Sale” shall mean any sale of Shares by the Selling Shareholder to any individual(s), entity(ies) or group(s) other than the Promoter or Promoter Group, of more than 50% (fifty percentages) of the voting power in the Company and involving change of control over the affairs of the Company or in the constitution of the Board.~~

27.0 — Offer for purchase by Investor

~~(xxx) — Subject to Applicable Laws, any individual, entity or group (“Investor”) who intends to subscribe the Shares of the Company and/ or acquire Shares from the Current Shareholder(s), shall have the right to make an offer (“Offer”) to the Option Grantees for purchase of any or all Shares underlying their Vested Options.~~

~~(xxxi) — The Investor shall intimate its/his/their intention of such Offer to the Board along with details namely the salient features of the Offer and details of the terms and conditions including, the time period within which the Vested Options must be exercised to take part in the Offer, number of Shares intended to be purchased, and purchase consideration thereof.~~

~~(xxxiv) — The purchase consideration shall not be lesser than the consideration which the Investor would be paying in respect of Shares subscribed from the Company and/or purchased from Current Shareholders, whichever is higher. Furthermore, the Offer size shall be proportionate to the reduction of shareholding in the paid-up share capital of the Company of the Current Shareholders due to Investor action. For example, if such shareholding of Current Shareholders falls by 60%, as a result of such intention of the Investor to subscribe~~

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~~or acquire Shares, the Offer size in aggregate made to the Option Grantees shall not be less than 60% of total of Vested Options and Shares.~~

~~(xxviii) The Board shall intimate the details of such Offer along with the number of Vested Options to be exercised to the Option Grantees individually. The Offer shall be accepted by each Option Grantee whether in employment or not.~~

~~(xl) Each Option Grantee shall take all necessary and desirable actions in connection with the purchase, including exercising of their Vested Options, executing agreements and instruments and taking other actions as required for completing the purchase and provisions of sub-clause (iv) above shall apply to this clause to the extent relevant.~~

40.9 Cash Settlement of Vested Options

- (a) Subject to Applicable Laws, prior to Listing, the Committee or the Board, as the case may be, at its discretion, without any obligation, shall have the right to offer to Option Grantee cash settlement to the Option Grantee against the Vested Options in case of separation of Employee as under sub-clause 8.2(b) above; or any time earlier as determined by the Board.
- (b) The consideration for the cash settlement shall be the excess of Fair Market Value, prevailing as on date of Board meeting approving the proposal for cash settlement, over the Exercise Price of the Vested Option.
- (c) To the extent unexercised Vested Options are settled by way of cash payment, all rights of the Option Grantee therein including right to exercise such Options shall be deemed to be settled and extinguished with effect from date of receipt of the cash payment.

44.10 Listing

Upon Listing, the Option Grantee or his nominee/ legal heirs, where applicable, can sell Shares in the open market at any time in accordance with Applicable Laws and policies of the Company, subject to any lock in period as per Applicable Laws.

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~~42.11~~ Lock-in

The Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such issue except as required under the Applicable Laws including that under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009~~18~~, or code of conduct framed, if any, by the Company after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

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~~43.12~~ Restriction on transfer of Options

~~43.4~~ ~~12.1~~ The Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

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~~43.2~~ ~~12.2~~ Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions of Sub-clause 8.2(b) would apply.

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~~43.3~~ ~~12.3~~ 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 of the Option Grantee, in which case provisions of Sub-clause 8.2(b) would apply.

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~~44.13~~ Other Terms and Conditions

~~44.4~~ ~~13.1~~ Listing of Shares

In case of Listing, the Board is authorized to do such acts, deeds and things including but not limited to amendment of this Plan to make the Plan compliant of any Applicable Laws prevailing at that time.

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~~44.2~~ ~~13.2~~ 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 Options granted, till the time Shares are issued to them upon exercise of such Options.

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~~44.3~~ ~~13.3~~ 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 under the Grant unless the Option Grantee exercises the Option and thereupon, becomes a registered holder of the Shares of the Company.

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~~44.4~~~~13.4~~ If the Company issues bonus or rights Shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the

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number of Options or the Exercise Price or both would be made in accordance with Sub-clause 4.2(h) of Plan.

45-14 Deduction/ recovery of Tax

45.1 14.1 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 issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees working abroad, if any.

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45.2 14.2 The Company shall have the right to deduct from the Option Grantee'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.

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45.3 14.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

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46-15 Authority to vary terms

46.1 15.1 The Committee of the Board may, if it deems necessary, vary the terms of Plan, subject to the Applicable Laws and approval of the shareholders of the Company in a general meeting in such manner that such variation is not detrimental to the interest of the Employees.

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46.2 15.2 The Company may also re-price the Options which are not exercised, whether or not they have vested, if Plan is rendered unattractive due to fall in the price of the Shares.

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47-16 Miscellaneous

47.1 16.1 Government Regulations

This Plan shall be subject to all Applicable Laws, and approvals from governmental authorities.

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47.2 16.2 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.

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~~47.3~~ 16.3 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.

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~~47.4~~~~16.4~~ 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).

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~~47.5~~~~16.5~~ 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.

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~~47.6~~~~16.6~~ Participation in Plan shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Option Grantee alone.

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~~48.17~~ Accounting and Disclosures

~~48.1~~ 17.1 The Company shall follow the rules/regulations applicable to accounting of Options with reference to Fair Market Value of Shares as on date of Grant.

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~~48.2~~ 17.2 The rules/regulations to be followed shall include but not limited to the IND AS/ Guidance Note on Accounting for Employee Share-based Payments 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.

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~~49.18~~ Governing Laws and jurisdiction

~~49.1~~ 18.1 The terms and conditions of the Plan shall be governed by and construed in accordance with the Applicable Laws of India including the foreign exchange laws.

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~~49.2~~ 18.2 The High Court at Bangalore and Courts subordinate to it shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Plan.

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~~49.3~~ 18.3 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this Plan:

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- (i) in any other court of competent jurisdiction; or
- (ii) concurrently in more than one jurisdiction.

20.19 Notices

20.4 19.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this Plan shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company; or delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or emailing the communication(s) to the Option Grantee at the official email address provided, if any, during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

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20.2 19.2 Any communication to be given by an Option Grantee to the Company in respect of Plan shall be sent at the address mentioned below or e - mailed at:

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Head- Human Resources/ Company Secretary Stove Kraft Limited
Registered office: 81/1, Medamarana Halli Village, Harohalli Hobli, Kanakapura Taluk,
Ramanagar District, Karnataka - 562112
Email: cs@stovekraft.com

24.20 Severability

24.4 20.1 In the event any one or more of the provisions contained in this Plan 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 Plan in which case the Plan shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Plan shall be carried out as nearly as possible according to its original intent and terms.

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22.21 Confidentiality

22.4 21.2 An Option Grantee must keep the details of the Plan 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

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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 Board shall have the authority to deal with such cases as it may deem fit.

~~22.2~~ 21.2 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.

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

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