

**Lava International Limited
Lava Employee Stock Option Plan 2020 – I (Amended)**

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ARTICLE 1

NAME AND OBJECTIVES OF THE PLAN

1.1 The Plan shall be called the Lava Employee Stock Option Plan 2020 -I (Amended) ['ESOP Plan' or 'the Plan'].

1.2 The Board of Directors pursuant to a resolution passed at its meeting held on 08.12.2020, read with the Special Resolution passed by the company at the General Meeting held on 31.12.2020, had approved Lava Employee Stock Option Plan 2020-I. In order to synchronize the Plan with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Shareholders of the Company in their meeting held on <<date>> have approved the ESOP Plan.

The ESOP Plan is established with effect from <<date>> ("Effective Date") and shall continue in force until its termination in accordance with Article 18 of the ESOP Plan.

1.3 In today's competitive world, employees are the most important resource and asset for any company. Lava International Limited ('Lava' or 'the company') fully recognizes the above fact and wants its employees to participate and share the fruits of its growth and prosperity along with the company.

1.4 The objectives of the Plan are:

- a. To create a sense of ownership and participation amongst the employees;
- b. To motivate the employees of Lava with incentives and reward opportunities;
- c. To provide means to enable Lava, its subsidiaries or associate companies to attract and retain appropriate human talent in the employment of the company, its subsidiaries or its associate company, respectively; and
- d. To achieve sustained growth of Lava and the creation of shareholder value by aligning the interests of the employees with the long-term interests of Lava.

ARTICLE 2

DEFINITIONS AND INTERPRETATIONS

I Definitions:

The terms defined in this Plan shall for the purposes of this Plan have the meanings specified herein and terms not defined shall have the meanings as defined in the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, each as amended or in any statute or re-enactments hereof, as the case may be.

- 2.1 **'Applicable Law'** means the legal statutes, to the extent applicable to stock options, including, but not limited to, the Income-tax Act, 1961, as amended, the Companies Act, 2013, as amended, and the rules/ guidelines/ notifications issued there under, and any modifications or re-enactments thereof. Furthermore, subsequent to IPO shall mean to include, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, each as amended, along with any other regulations and rules as may be applicable or circulars, notifications issued thereunder or by any Stock Exchange on which the Shares would be listed or quoted.
- 2.2 **'Associate Company'** shall have the same meaning as defined under section 2(6) of the Companies Act, 2013.
- 2.3 **'Board of Directors' / 'Board'** means the Board of Directors of the Company.
- 2.4 **'Change in Capital Structure'** means a change in the capital structure of the company as a result of reclassification of shares, splitting up of the face value of shares, sub-division of shares, issue of bonus shares, issue of rights shares, conversion of shares into other shares or securities and any other change in the rights or obligations in respect of shares.
- 2.5 **'Company/Lava'** means Lava International Limited, a company incorporated in India under the provisions of the Companies Act, 1956 having its corporate office at A-56, Sector 64, Noida, Uttar Pradesh – 201301 or as shifted from time to time, and its successors and assigns.
- 2.6 **"Companies Act/Companies Act, 2013"** means the Companies Act, 2013, furthermore the rules made thereunder, and includes any statutory modifications or re-enactments thereof.
- 2.7 **'Compensation Committee'** means the Nomination, Remuneration and Compensation Committee set up by the company under Article 7 of this Plan.
- 2.8 **'Closing date'** means the term of the Plan and as mentioned under Article 4 of this Plan.
- 2.9 **'Competitor'** means an entity currently in, or in process of developing a competitive venture to the company's current and/ or proposed activities as a provider of communication equipment.
- 2.10 **'Corporate Action'** means one of the following events:
(i) the merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution or other reorganization of the company in which the shares are converted into or exchanged for:

- a) a different class of securities of the company; or
 - b) any securities of any other issuer; or
 - c) cash; or
 - d) other property.
- (ii) the sale, lease or exchange of all or substantially all of the assets or undertaking of the company.
- (iii) Any transfer of interest in the subsidiary company by the company with a result that it no longer remains the subsidiary.
- (iv) the adoption by the shareholders of the company of a plan of liquidation, dissolution or winding up.
- (v) acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any company, person, entity or group of a controlling stake in the company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the company.
- (vi) any other event, which in the opinion of the Board has a material impact on the business of the company.
- 2.11 **'Director'** means a member of the Board of the company and shall have the same meaning as defined under section 2(34) of the Companies Act, 2013.
- 2.12 **'Employee'** 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), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company but does not include-
 - a. an employee, who is a promoter or a person belonging to the promoter group; or
 - b. a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company.
- 2.13 **'Employer'** means the company, its holding company its subsidiary companies or associate company.
- 2.14 **'Eligible employee'** means an employee as determined by the Compensation Committee for the purpose of granting options under this Plan

- 2.15 **'Exercise'** in relation to an option means making of an application by an employee to the company or to the trust for issue of Shares or appreciation in form of cash, as the case may be, against vested options in pursuance of the Plan.
- 2.16 **'Exercise Date'** means the date on which the employee elects to exercise the options.
- 2.17 **'Exercise Period'** in relation to options means the time period after vesting within which an employee should exercise his right to apply for shares against the vested option in pursuance of the Plan.
- 2.18 **'Exercise Price'** means the price payable by the employee on the exercise of the options offered under a grant. This price will be determined by the Compensation Committee at the time of grant of options.
- 2.19 **'Fair Market Value' (FMV)** means:
Till the time Shares of Lava are not listed on a recognized stock exchange in India, the value determined by the registered valuer of the shares based upon the company's accounts for the previous three financial years, the current book value per share of the company's outstanding capital stock, the price at which shares of the company's outstanding capital stock have previously been issued by the company, the liquidation rights and other preferences to which the holders of those Shares are entitled, the lack of marketability of the Shares, and other factors that the registered valuer considers appropriate in good faith. Company would get the FMV determined by the registered valuer. The valuation shall remain valid for a period of six months, for example, FMV calculated for the period ending on 30th September shall remain valid for the period October – March following next and FMV calculated for the period ending on 31st March shall remain valid for the period April – September. The Compensation Committee at its sole discretion can get the valuation done more frequently.
- Once the shares of Lava are listed on a recognised stock exchange in India, FMV would refer to the latest available closing price on a recognised stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date. If such Shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered;
- 2.20 **'Grant'** means, any options granted pursuant to the Plan.
- 2.21 **'Grant Date'** means the date specified in the Lava Employee Stock Option Agreement on which a grant is made to an eligible employee by Lava.

- 2.22 **'Holding company'** means a holding company of the company, as defined under the provisions of the Companies Act, 2013.
- 2.23 **'Independent Director'** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 2.24 **'Insider'** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended (**"Insider Trading Regulations"**).
- 2.25 **'IPO'** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue Capital and Disclosure Requirements) Regulations, 2018, as amended.
- 2.26 **'Nominee'** means any person appointed by the eligible employee as provided in Article 19.8 hereunder.
- 2.27 **'Option'** means the right, without any obligation, granted to the eligible employee to subscribe to Shares or any resultant shares upon such terms and conditions as may be specified in the Plan.
- 2.28 **'Plan'** means the 'Lava Employee Stock Option Plan 2020 – I (Amended)' as set out herein and shall include any modification and variations thereof.
- 2.29 **'Permanent disability / Permanent incapacity'** 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 Board based on a certificate of a medical expert identified by such committee.
- 2.30 **'Promoter'** means:
- (a) The person or persons who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; **or**
 - (b) A person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act; **or**
 - (c) The person or persons who has been named in the prospectus or is identified by the company in the annual return.
- Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

Provided that upon IPO, the term “Promoter” defined hereinabove shall have meaning as defined in the SEBI Guidelines.

2.31 **‘Promoter Group’** means:

- i. the promoter;
- ii. an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse);
- iii. in case promoter is a body corporate:
 - a subsidiary or holding company of such body corporate; and
 - any body corporate in which the promoter holds twenty per cent. or more of the equity share capital and/or which holds twenty per cent. or more of the equity share capital of the promoter;
- iv. in case the promoter is an individual:
 - A. any body corporate in which twenty per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member
 - B. any body corporate in which a body corporate as provided in (A.) above holds twenty per cent. or more, of the equity share capital; and
 - C. any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than twenty per cent. Of the total capital; and
- v. All persons whose shareholding is aggregated under the heading “shareholding of the promoter group”.

Provided that a financial institution, scheduled bank, foreign portfolio investor other than individuals, corporate bodies and family offices, mutual fund venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall not be deemed to be a promoter group merely by virtue of the fact that twenty per cent or more of the equity share capital of the promoter is held by such person or entity:

Provided further that such financial institution, scheduled bank, foreign portfolio investor other than individuals, corporate bodies and family offices, mutual fund venture capital fund, alternative investment fund, foreign venture capital investor, insurance company registered with the Insurance Regulatory and Development Authority of India or any other category as specified by the Board from time to time, shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them.

- 2.32 **'Relative'** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013.
- 2.33 **'Resultant Shares'** means the shares or other securities issued in lieu of the shares of the company, on any Change in Capital Structure or on any Corporate Action.
- 2.34 **'Retirement'** means retirement as per the rules of the company.
- 2.35 **'SEBI'** means the Securities and Exchange Board of India constituted under Securities and Exchange Board of India Act, 1992.
- 2.36 **'SEBI Guidelines'** means Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 or as amended from time to time.
- 2.37 **'Secondary Acquisition'** means acquisition of existing shares of the company by the trust on the platform of a recognised stock exchange for cash consideration.
- 2.38 **'Securities'** means securities as defined in clause (h) of Article 2 of the Securities Contracts (Regulation) Act, 1956 and includes hybrids, derivatives and units or any instrument which entitles the owner to allotment of any kind of property, or payment of money in lieu thereof at a future date.
- 2.39 **'Shares'** means the equity shares of the Company and securities convertible into equity shares and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or other depository receipts representing underlying equity shares or securities convertible into equity shares and where the context so requires shall include the Resultant Shares also.
- 2.40 **'Shareholder'** means a person who is registered as a shareholder in the Register of Shareholders of the company.
- 2.41 **'Stock Exchange'** means, a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956.
- 2.42 **'Strategic event'** shall mean a transaction that enables the Existing Shareholders to sell, transfer or dispose any portion of their equity through secondary sale.
- 2.43 **'Subsidiary'** means a Subsidiary company of Lava, as defined in the Companies Act, 2013.

- 2.44 **'Surrender Value'** means the amount determined in accordance with the provisions of the applicable sub-clause, as hereinafter stated:
- (a) the price per option offered, whether in cash or otherwise, to shareholders of the company pursuant or related to a Corporate Action taking place.
 - (b) if a "Corporate Action" occurs other than as described in sub-article (a), the Fair Market Value per option, determined by the Board of Directors, on the date of cancellation and surrender of any options.
- If the consideration offered to shareholders of the company, in the event of a Corporate Action, consists of anything other than cash, the Board of Directors shall determine the fair cash equivalent of such part of the consideration which is offered other than in cash.
- 2.45 **'Trust'** means a trust established under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof, for implementing any of the schemes covered by these regulations.
- 2.46 **"Trustee"** means the trustee of the Trust
- 2.47 **'Lava Employee Stock Option Agreement'** means the agreement between the company and the eligible employee containing the terms and conditions specific to an individual employee's stock options. The Lava Employee Stock Option Agreement will however be subject to the terms and conditions of the Plan.
- 2.48 **'Vesting'** means the process by which an employee becomes eligible to exercise his rights to apply for shares of the company pursuant to the options granted to him under the Plan.
- 2.49 **'Vesting Date'** in relation to an option means the earliest date on which the rights under the options may be exercised by an eligible employee.
- 2.50 **'Vesting period'** means the period during which the vesting of the option granted to the eligible employee, in pursuance of this Plan takes place.
- 2.51 **'Vested option'** means an option in respect of which the relevant vesting conditions have been satisfied and the eligible employee has become eligible to exercise the option.
- 2.52 **'Unvested option'** means an option in respect of which the relevant vesting conditions have not been satisfied and as such, the eligible employee has not become eligible to exercise the option.

II Interpretations

In this document, unless the contrary intention appears:

- (a) the singular includes the plural and vice-a-versa;
- (b) the word "person" includes an individual, a firm, a body corporate or unincorporated or any authority; and
- (c) any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.

III Article Headings

Article headings are for information only and shall not affect the construction of this document.

IV References

- (a) A reference to a clause or schedule is respectively a reference to a clause or schedule of this document. The schedules to this document shall for all purposes form part of this document.
- (b) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

ARTICLE 3

IMPLEMENTATION

The Plan shall be implemented by the Compensation Committee under the policy and framework laid down by the Board of Directors of the company.

ARTICLE 4

EFFECTIVE DATE AND PLAN DURATION

- 4.1 The Plan shall be effective from the date of approval specified in the resolution passed by the shareholders.
- 4.2 The Plan shall be terminated, and no grants will be made after five years from the date the Plan became effective, or such other date as may be decided by the shareholders of the company.
- 4.3 If any options granted under the Plan are terminated/ forfeited/ lapsed under the provisions of the Plan, such options shall be available for further grants under the Plan. After the Closing Date, the Plan shall remain in effect until all options granted under the Plan have been exercised or have expired by reason of lapse of time, whichever is earlier.

ARTICLE 5

THE TRUST

- 5.1 The company has set up a Trust for the implementation, administration and financing of the Plan.

- 5.2 The Trust shall comply with Applicable Laws, including and not limited to the SEBI Guidelines, the Companies Act, 2013.
- 5.3 The Trustee of the Trust shall not be a director, key managerial personnel or promoter of the Company or its group company including holding, subsidiary or associate company or any relative of such director, key managerial personnel or promoter; or any person beneficially holding 10% or more of the paid-up share capital or voting rights of the Company.
- 5.4 The trustee shall not vote in respect of the Shares held by the Trust, so as to avoid any misuse arising out of exercising such voting rights.
- 5.5 The Trust shall hold the Shares, for and on behalf of the eligible employees, in accordance with the terms and conditions of this Plan.
- 5.6 The Trust Deed provides inter alia, that the Trust would hold the funds and other assets of the Trust for the benefit of the eligible employees in accordance with this Plan from time to time, as may be approved by the Board of Directors.
- 5.7 The Trust Deed authorises trustees to borrow funds from Lava within the prescribed limits in terms of applicable provisions of the Companies Act, employees, outside lenders including banks, for the purpose of subscribing to Shares.
- 5.8 The Trust shall keep and maintain proper books of accounts, records and documents so as to explain its transactions and to disclose at any point of time the financial position of the Plan and in particular give a true and fair view of the state of affairs of each scheme implemented by the company. The Trust has appointed a Chartered Accountant (as instructed by the Compensation Committee to conduct an audit and provide a report on the accounts of the Trust on an annual basis.
- 5.9 The Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition as permitted by SEBI Guidelines.
- 5.10 The Trust may sell the Shares on behalf of the employees in secondary market to enable them to fund the payment of exercise price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to exercise of options granted under this Plan.
- 5.11 If prevailing circumstances so warrant, the company may change the mode of implementation of the scheme by obtaining a fresh approval of the shareholders by a special resolution prior to

implementing such a change and that such a change is not prejudicial to the interests of the employees.

ARTICLE 6

STOCK AVAILABLE UNDER THE PLAN

- 6.1 The Shares that may be issued under the Plan shall be decided by the Board from time to time, however, the total grant of options under all employee stock option plans of the company will not exceed 15% of the total paid up share capital, as amended from time to time. Shares of stock used for purposes of the Plan may be shares of authorized but un-issued common stock.
- 6.2 Where Shares are issued consequent upon exercise of an option under the Plan, the maximum number of Shares that are subject to option referred to in Article 6.1 above shall stand reduced to the extent of such Shares issued.
- 6.3 To the extent that any Shares of stock covered by an option, are not issued to the employee or his legal heir or nominee because the option is forfeited or cancelled, or because the options are settled in cash or for any other reason, such Shares shall not be deemed to have been issued for purposes of determining the maximum number of Shares of stock available to be issued the Plan.

ARTICLE 7

COMPENSATION COMMITTEE

- 7.1 The company will constitute a Compensation Committee for administration, implementation and superintendence of the Plan. The Compensation Committee shall be a committee of the Board of Directors as provided under "regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or modified from time to time.
- 7.2 The Compensation Committee shall delegate the administration of the Plan to the Trust.

Subject to the terms of the Plan, the powers of the Compensation Committee, inter alia, include the power to:

- 7.2.1 Determine the employees eligible to participate in the Plan.
- 7.2.2 Determine the performance parameters for grant and/or vesting of options granted to an eligible employee.
- 7.2.3 Assess the performance of an eligible employee for granting/ determining the vesting of the options.
- 7.2.4 Determine the number of options to be granted, to each eligible employee and in the aggregate, and the times at which such grants shall be made.

- 7.2.5 Determine the vesting period of the grant made to any eligible employee and/or any conditions subject to which such vesting may take place.
 - 7.2.6 Lay down the conditions under which options vested in eligible employees may lapse in case of termination of employment for fraud, misconduct or where an employee voluntarily resigns from the company or its subsidiary or joins competition etc.
 - 7.2.7 Determine the exercise period within which the eligible employee should exercise the options and that options would lapse on failure to exercise the option within the exercise period.
 - 7.2.8 Specify time period within which the eligible employee shall exercise the vested options in the event of termination or resignation by an employee.
 - 7.2.9 Lay down the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of change in the Capital Structure and/or Corporate Action.
 - 7.2.10 Provide for the right of an eligible employee to exercise all the options vested in him at one time or at various points of time within the exercise period.
 - 7.2.11 Lay down the procedure for funding the exercise of options / tax liability of employees, if any.
 - 7.2.12 Provide for the grant, vesting and exercise of options in case of eligible employees who are on long leave or whose services have been seconded to any other company by Lava or who have joined Holding company or a Subsidiary at the instance of the company.
 - 7.2.13 To exercise such rights and to do such acts, as may be necessary or expedient in connection with the implementation, administration and superintendence of the Plan.
 - 7.2.14 Determine the lock-in period, if any for the Shares issued pursuant to exercise of option.
 - 7.2.15 To determine the exit and termination conditions in accordance with the Plan.
- 7.3 The number of members of the Compensation Committee, their powers and functions shall be specified, and can be varied, altered or modified from time to time by the Board of Directors subject to such rules and regulations as may be in force. The Board may further provide that the Compensation Committee shall exercise certain powers only after consultation with the Board and in such case the said powers shall be exercised accordingly.
- 7.4 A simple majority of the Compensation Committee shall constitute a quorum. The acts of majority of the members present at any meeting at which a quorum is present, or in lieu of a meeting, acts approved in writing by majority of the members, shall be deemed to be the acts of the Compensation Committee.

- 7.5 The decision of the Compensation Committee will be final and binding in respect of the Plan. If the members of the Compensation Committee are evenly divided on any issue, then the Chairman of the Compensation Committee will have the second or casting vote.
- 7.6 No member of the Compensation Committee shall be personally liable for any decision or action taken in good faith with respect to the Plan.
- 7.7 A member of the Compensation Committee shall abstain from participating in and deciding any matter relating to granting of any Option to him.
- 7.8 The Compensation Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time.

ARTICLE 8

ELIGIBLE EMPLOYEES

- 8.1 The Compensation Committee based on the various criteria (which shall be decided from time to time) shall decide the eligible employees for a grant under the Plan and the terms and conditions thereof.
- 8.2 Provided that no grants shall be made to an employee who is a Promoter or belongs to the Promoter Group or a Director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company.

ARTICLE 9

GRANT OF OPTIONS

- 9.1 The Compensation Committee may from time to time make grants to one or more eligible employees, which shall include recurring grants to the same employee.
- 9.2 A grant agreed to be made to a prospective employee upon the condition that such person becomes a permanent employee, shall be deemed to have been granted, effective on the date as specified in the employment contract or he becoming a permanent employee, whichever is later.
- 9.3 Any Shares lying with the Trust which are not backed by grants can be used for purpose of grant under the proposed ESOP.
- 9.4 The Compensation Committee shall determine the exercise price of the options granted under the Plan.

- 9.5 The grant shall be in writing and shall specify the number of options granted, the exercise price, the earliest date on which some or all of the options and the Shares acquired under the grant shall be eligible for vesting, exercise period and the other terms and conditions thereto.
- 9.6 The grant of options shall be effective from the date as specified in the Option Letter by the Compensation Committee.
- 9.7 The eligible employee shall not assign, transfer, pledge or hypothecate his rights or obligations relating to the options, to any third party. The option shall be exercisable during the lifetime of the eligible employee only by such eligible employee or in case of death of an eligible employee, by the eligible employee's nominees or authorised legal representative or legal heirs as specified in the Plan.
- 9.8 In case the provisions of applicable law restrict/prohibit the issue of Shares at a discount to its par value, the exercise price shall not be less than the amount as prescribed under such law.

ARTICLE 10

VESTING OF OPTIONS

- 10.1 There would be a minimum vesting period of one year from the date of grant. In a case where options are granted by a company under the Plan in lieu of options held by the same person under an employees stock option scheme in another company, which has merged, demerged, arranged or amalgamated with the company, the period during which the options granted by the merging or amalgamating company were held by him shall be adjusted against the minimum vesting period of one year.

The vesting period and other conditions for vesting shall be as decided by the Compensation Committee at the time of grant of options.

In the event of death or permanent incapacity of an employee, the minimum vesting period of one year shall not be applicable.

- 10.2 Unless the terms and conditions of a grant of option shall otherwise require, an option vested in an eligible employee shall entitle him to apply for the Share within the exercise period and at the exercise price.
- 10.3 The vesting period for the grant of options under this Plan shall be as decided by Compensation committee from time to time subject to Article 10.1.

- 10.4 On the earliest date on which any option is eligible for the vesting or immediately thereafter, such number or percentage of the options as specified in the grant letter shall vest in the eligible employee, on an automatic basis, shall be deemed to have so vested and accordingly the eligible employee shall, be eligible to exercise the said options, subject to fulfilment of any other condition as may be specified under the Plan.
- 10.5 The Compensation Committee in its absolute discretion may permit the options granted, including options, which have not vested, to be exercised within such time, subject to such terms and conditions as it may determine.

ARTICLE 11

EXERCISE OF OPTIONS

- 11.1 Vested options should be allowed to be exercised at the time of IPO or Strategic event, whichever is earlier, per conditions as specified below, subject to maximum of total exercise period of 5 years from the date of grant of options. It is expected that the IPO or Strategic event will happen within five years from the grant of option.

Exercise of options - In case of IPO

Exercise of options vested till the time of happening of IPO should be allowed at the time of happening of such event. Compensation committee can decide the timing of exercise e.g. at the time of filing of DRHP etc.

Any options being vested after IPO or vested options not exercised at the time of IPO will be allowed to be exercised within two years from the date of vesting.

Exercise of options - In case of Strategic event

Exercise of options vested till the time of happening of Strategic event should be allowed at the time of happening of such event. Compensation committee can decide the timing of exercise e.g. at the time of filing of accepting letter of intent etc.

Without prejudice to above, in case IPO / Strategic event does not happen within five years from the date of grant of options, the Compensation Committee shall allow cash settlement of vested options by paying differential between the Book Value per share of the Company and grant price of options. Book Value per share of the Company will be determined as per last audited Balance Sheet of the Company on the date of such settlement. Alternatively, Compensation Committee may allow employee to hold vested options to be exercised at the time of IPO / Strategic event, whichever is earlier.

- 11.2 If the options are not exercised within the above-mentioned time, the same shall lapse.

- 11.3 Board / Compensation Committee can allow employees to exercise the options at any time prior to happening of such event.
- 11.4 The eligible employees may, at any time during the exercise period, and subject to fulfilment of conditions of the grant, exercise the options by submitting an application to the Compensation Committee to allot him Shares pursuant to the vested options, accompanied by payment of an amount equivalent to the exercise price in respect of such options. In the event of exercise of options resulting in fractional Shares, the Compensation Committee shall be entitled to round off the number of Shares to be issued to the adjusted nearest whole number, and exercise price shall be correspondingly adjusted.
- 11.5 Except as otherwise provided, payment of the exercise price for the Shares to be acquired pursuant to any options shall be made either by:
- (a) Cheque, or
 - (b) the eligible employee's authority to the company to deduct such amount from his salary due and payable, or
 - (c) such other consideration as may be approved by the Compensation Committee from time to time to the extent permitted by applicable law, or
 - (d) any combination of any two or more of the abovementioned methods.
- 11.6 Subject to the provisions of Article 11.1 hereinabove the eligible employee shall exercise his options only during a period of one month after the end of each quarter. Allotment of Shares pursuant to the exercise of options made during any month shall be normally made within a period of 30 working days after the end of month in which the options are exercised.
- Provided further that the Compensation Committee is entitled to specify such other periods during which the options may or may not be permitted to be exercised.
- Provided however that in case of cessation of employment, the eligible employee shall be entitled to exercise the options in accordance with the provision of Article 13 notwithstanding the exercise period specified hereinabove in this sub-article, but subject to the provisions of any law or regulation for the time being in force.
- 11.7 The Shares allotted upon the exercise of an option will rank pari passu in all respects with the then existing issued Shares in the capital of the company except where there is any right restriction as specified in Clause 16 of this Plan. The said restrictions shall be specified in the grant letter also.

ARTICLE 12

DIVIDEND

An eligible employee shall be entitled to receive any dividends declared by the company in respect of the Shares issued pursuant to the options granted to him, provided that the eligible employee has exercised the options and has become a registered shareholder of the company.

ARTICLE 13

CESSATION OF EMPLOYMENT

13.1 If an eligible employee's employment with the company or its subsidiary terminates otherwise than due to "cause" as specified in Article 13.2 or as per Article 13.3, then all the outstanding options, which are not vested, will lapse on the date of notice of such termination of employment. At the time of employee exit, the Compensation Committee shall allow cash settlement of vested options by paying differential between the Book Value per share of the Company and grant price of options. Book Value per share of the Company will be determined as per last audited Balance Sheet of the Company on the date of such settlement. Alternatively, Compensation Committee may allow employee to hold vested options to be exercised at the time of IPO / Strategic event, whichever is earlier.

13.2 If an eligible employee's employment is terminated with the company or its subsidiary due to "Cause", then all the outstanding options, whether vested or not, will terminate on the date of notice of such termination of employment.

'Cause' for the purpose of this Plan shall be determined by the Compensation Committee and shall include, (i) the continued failure of the eligible employee to substantially perform his duties to the company or its subsidiary (other than any such failure resulting from retirement, death or disability as defined below), (ii) the engaging by the eligible employee in willful, reckless or grossly negligent conduct which is determined by the Compensation Committee to be detrimental to the interest of the company or any of its affiliates, monetarily or otherwise, (iii) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the company, (iv) the eligible employee's pleading guilty to or conviction of a felony, (v) the eligible employee's soliciting or engaging an independent contractor, directly or indirectly, which was performing services for the company, (vi) the eligible employee's directly or indirectly (a) soliciting or servicing the business of any client of the company, or (b) hiring any employee of the company or anyone who was an employee of the company at any time during the preceding twelve months.

13.3 If an eligible employee's employment with the company or its subsidiary terminates due to retirement or superannuation the options granted to such an employee under this Plan would

continue to vest in accordance with the respective vesting schedules even after retirement or superannuation

In the event of death of an employee while in employment, the options shall vest with effect from the date of his/her death, in the legal heirs or nominees of the deceased employee.

In case the employee suffers a permanent incapacity while in employment, all the options granted to him/her under this Plan as on the date of permanent incapacitation, shall vest in him/her on that day.

- 13.4 Nothing contained in Article 13.1 shall apply, in the event of cessation of the eligible employee's services due to secondment or deputation by Lava in India or outside India, so long as the eligible employee continues to be employed by the company or its holding or subsidiary company, i.e. the options lying with eligible employee would remain valid.

Provided further that the Compensation Committee may relax any of the conditions and provisions of Article 13.1 in case of an eligible employee who resigns from service of the company to join its Holding or its Subsidiary company or any Subsidiary of its Holding company.

ARTICLE 14

EXIT ROUTE FOR THE EMPLOYEES

- 14.1 Till the time the company's shares are not listed on a recognised stock exchange in India, the eligible employee can sell the Shares as per the methodology as decided and framed by the Compensation Committee.
- 14.2 Till the time Company is not listed, at the time of employee exit, Company will have the first right of refusal to buy back the Shares.
- 14.3 Till the time Company is not listed, in respect of the options exercised by the employee and Shares acquired in lieu thereof, employee will have to mandatorily offer to sell such Shares of the Company to the Trust or the person nominated by the company, if employee decides to sell such Shares.

The offer shall be accepted or rejected no later than 60 days following receipt thereof. However, Shares obtained out of any exercised options can't be sold to third party, except after listing in stock market or any secondary investment by the investors or any other way which the Board allows.

The pricing of such Shares will be the Book value as on 31st March preceding the date of sale transaction.

- 14.4 In case of Strategic event / investor coming in the Company who is interested in buying out the Shares from the employees, the interested employees will be entitled to sell a proportion of Shares allotted under the Plan / any additional proportion as determined by the Compensation Committee / Board.
- 14.5 Company may give an option to the employees of buy back of Shares subject to financial feasibility of the Company.
- 14.6 Once the Shares are listed on a recognized stock exchange in India, the employee will be allowed to sell Share after 3 months from the date of IPO.

ARTICLE 15

SHARE TRANSFERABILITY

Till the time Shares are listed on a recognised stock exchange, the eligible employee, who desires to sell underlying Shares and is eligible to do so, would have to necessarily offer to sell it as per Article 14 of the Plan. The company would ensure that the sufficient funds are available to pay, within 60 days, to the eligible employee making such a request.

ARTICLE 16

VOTING RIGHTS

An eligible employee shall be entitled to vote in respect of the Shares issued pursuant to the options granted to him, provided that the eligible employee has exercised the options and has become a registered shareholder of the company.

ARTICLE 17

CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION

- 17.1 Except as hereinafter provided, a grant made under the Plan shall be subject to adjustment, by the Compensation Committee, at its discretion as to number of options, exercise price of options or Shares, the time period of vesting or exercise as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.
- 17.2 The existence of the Plan and the grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the company to make or authorise any 'Change in Capital Structure' or any 'Corporate Action' including any issue of shares, debt or other securities having any priority or preference with respect to the shares or the rights thereof.

- 17.3 If there is a 'Change in the Capital Structure' of the company before the options granted under this Plan are exercised, the eligible employee shall be entitled on exercise of the options, to such number of Resultant Shares to which he would have been entitled as if all the options not exercised by him had been exercised by him before such 'Change in the Capital Structure' of the company had taken place and the rights under the options shall stand correspondingly adjusted.
- 17.4 The Shares in respect of which the options are granted, are Shares as presently constituted. However, if prior to the expiry of the exercise period there is a 'Change in the Capital Structure' of the company, the number of Shares with respect to which the options may thereafter be exercised shall, in the event of:
- (a) an increase in the number of Resultant Shares, be proportionately increased, and the exercise price, be proportionately reduced.
 - (b) a reduction in the number of Resultant Shares, be proportionately reduced, and the exercise price, be proportionately increased.
- Provided further that in case the provisions of applicable law restrict/ prohibit the issue of shares at a discount to its par value, the exercise price shall not be less than the amount as prescribed under such law.
- 17.5 In the event of 'Corporate Action', the Compensation Committee, at least seven days prior to any 'Corporate Action' or thirty days thereafter, shall in respect of the outstanding options act on any of the alternatives as it may deem fit, provided the same is not prejudicial to the interest of the eligible employee, including the following:
- (a) Provide that on any exercise of options hereafter, the eligible employee shall be entitled to the Shares and/ or Resultant Shares as if the eligible employee had been a Holder of the Shares on exercise of the options.
 - (b) Make such adjustments to the options outstanding to reflect the 'Corporate Action', as may be necessary,
 - (c) Substitute the options granted, by fresh options whether in the company or another company, which have substantially the same terms as the options granted under this Plan.
 - (d) If after the Corporate Action, the terms of the Plan becomes detrimental or less beneficial to eligible employees, the Compensation Committee may accelerate the vesting and/ or the exercise of the options so that the options are to be compulsorily exercised before the date specified by the Compensation Committee, failing which they shall lapse.
 - (e) Require the mandatory surrender to the company, by all or some of the eligible employee, of all or some of the outstanding options, irrespective of whether, the options, have vested or not, as on that date. In such an event the Compensation Committee shall pay to such eligible

employee an amount, in cash or otherwise, per option, as the case may be, of the "Surrender Value" after deducting the balance exercise price payable, if any.

Provided however that unless specifically agreed upon by the Board, all unvested options on the date of any Corporate Action shall lapse and the eligible employee shall not be entitled to any compensation of any nature whatsoever.

- 17.6 Tag along right: In the event of Corporate Action, if the majority shareholder sell their shareholding or part thereof, the option shareholders having vested right or minority shareholders, would be entitled to sell their options/shareholding in similar proportion to the majority shareholder.
- 17.7 Drag along right: In the event of Corporate Action, before listing of the Company, wherein the proposed buyer wishes to acquire Shares of the employees obtained by exercising options under the Plan, in such an event the option shareholders having vested right or minority shareholders, would be mandatorily required to sell their options/shareholding as required by the investors.

Provided however that unless specifically agreed upon by the Board, all unvested options on the date of any Corporate Action shall lapse and the employee shall not be entitled to any compensation of any nature whatsoever.

issIn case of a Corporate Action, the decision of the Board shall be final and binding.

- 17.8 Where the company makes a further issue of capital upon which all the existing shareholders of the company are offered a right to subscribe for the further issue of capital at a price lower than the Market Price, (hereinafter called "the Rights Issue"), the Board may in its absolute discretion, permit the eligible employees to subscribe pro-rata to the additional shares on the same terms and conditions as the right issue, as if all the options not exercised by him had been exercised by him before such "Change in the Capital Structure" of the company, had taken place. Such newly subscribed shares or other securities shall be issued on such terms and conditions as may be determined or deemed fit by the Board.

Notwithstanding anything contained hereinabove and in the alternative, in the event the company comes out with a rights issue and/ or announces bonus shares, the Compensation Committee shall have the right to cancel all or part of the outstanding grants whether vested or unvested and make fresh grants on terms not prejudicial to the employees, including allowing the eligible employees to accelerate the vesting to enable them to exercise the options such that the eligible employees can participate in the rights and/ or bonus issue in the same manner as the other eligible shareholders.

17.9 In case of change in Capital Structure/ Corporate Action, the decision of the Board shall be final and binding.

ARTICLE 18

AMENDMENT OR TERMINATION OF THE PLAN

18.1 The Board of Directors in its absolute discretion may, from time to time amend, subject to the Applicable Law, alter or terminate the Plan or any grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any grant previously made may be carried out, which would impair or prejudice the rights of the eligible employee without the consent of the eligible employee.

Provided further, that the Board will not, without the approval of the shareholders, amend the Plan to increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan on exercise or surrender of options or upon grants except as otherwise stated elsewhere in this Plan.

18.2 Without prejudice to the above, the Board of Directors, may, without any reference to or consent of the eligible employee concerned, amend the Plan or grant or any agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this Plan.

ARTICLE 19

GENERAL

19.1 No Right to a grant

Neither the adoption of the Plan nor any action of the Board of Directors or Compensation Committee shall be deemed to give an eligible employee any right to be granted any option to acquire Shares or to any other rights hereunder except as may be evidenced by a Lava Employee Stock Option Agreement duly executed by the company and the eligible employee.

19.2 No Employment Rights Conferred

Nothing contained in the Plan or in any grant made hereunder shall:

- (a) Confer upon any eligible employee any right with respect to continuation of employment or engagement with the company or its subsidiary, or
- (b) Interfere in any way with the right of the company or its subsidiary to terminate employment or services of any eligible employee at any time.

19.3 Restriction on sale of Shares post listing

Post listing of Shares in the stock exchange, the employee will be allowed to sell shares after 3 months from the date of IPO.

The Compensation Committee / Board may in its absolute discretion modify the lock-in period for sale of Shares post listing, as they may deem fit, subject to other conditions mentioned in the Plan.

19.4 Tax deduction / recovery

The company shall have the right to deduct/ recover all taxes payable either by itself or by the employee/ eligible employee, in connection with all grants/ options/ Shares under this Plan, by way of deduction at source from salary and in addition to require any payments necessary to enable it to satisfy such obligations.

The eligible employee will also as a condition of the Plan authorize the company or its nominee to sell such number of Shares as would be necessary to discharge the obligation in the respect of such taxes and appropriate the proceeds thereof on behalf of the eligible employee.

19.5 No Restriction on Change in Capital Structure or Corporate Action

The existence of the Plan and the grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the company to make or authorise any 'Change in Capital Structure' including any issue of shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof.

Nothing contained in the Plan shall be construed to prevent the company from taking any Corporate Action, whether or not such action would have an adverse effect on the Plan or any grant made under the Plan. No employee or other person shall have any claim against the company or the new company/ new entity that is formed or takes over a part of whole of the business of the company, as a result of such action.

In case the Corporate Action or 'Change in Capital Structure' has an adverse effect on the eligible employees who are granted the options under this Plan, they shall either be granted fresh options or the existing options shall be split, to compensate the adverse effect.

19.6 Dissolution or Liquidation

In the event of a dissolution or liquidation, the Compensation Committee shall inform each eligible employee, as soon as practicable/ permissible under applicable laws, of any proposed dissolution or liquidation. The Compensation Committee shall also permit the eligible employee to exercise his vested options that vested in him in the 30 days prior to such dissolution or liquidation.

19.7 Confidentiality

The eligible employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, grant, the Lava Employee Stock Option Agreement or any connected matter. Any violation may result in cancellation of grant or compulsory retransfer of shares to the company/ Trust as the Compensation Committee may deem fit, without prejudice to the other action which may be taken in this regard.

19.8 Nomination of Beneficiary

The eligible employee may appoint any person(s) as nominee(s) for the purpose of exercising the rights on his death, subject to the terms and conditions of the Plan. The eligible employee shall appoint such nominee(s) by submitting a letter in the form specified by the Compensation Committee in this regard. The eligible employee has the right to revoke/ change such nomination. The nominee(s) shall alone be entitled to exercise the rights of the eligible employee concerned in the event of the death / permanent disability of the eligible employee.

19.9 Insider Trading

The eligible employee shall ensure that there is no violation of:

- (a) Insider Trading Regulations of the country and/ or the recognised Stock Exchange on which the shares of the company are listed.
- (b) Other applicable restrictions for prevention of Fraudulent and/or Unfair Trade Practices relating to the securities market.

The Compensation Committee shall be entitled to frame such rules and regulations as may be necessary to ensure that there is no violation of the above referred regulations.

The eligible employee shall keep the company or the Board or the Trust or the Compensation Committee, fully indemnified in respect of any liability arising for violation of the above provisions.

19.10 New Employee Stock Option Plans

Nothing contained in the Plan shall be construed to prevent the company from implementing any other new Employee Stock Option Plan, directly or through any trust settled by company which is deemed by the company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any grant made under the Plan. No eligible employee or other person shall have any claim against the company and/or trust as a result of such action.

19.11 Shareholders' Approval

After the Plan is adopted by the Board of Directors of the company, the same will be placed before the shareholders of the company in a General Meeting. The shareholders shall, by passing a Special

Resolution, approve the Plan. After the approval of shareholders, the Plan shall become effective from the date specified as effective date in this Plan.

19.12 Notice and Correspondences

Any notice required to be given by, or any correspondence from, an eligible employee to the company/ Compensation Committee, may be given at the company's principal office, or such other address as may be notified in writing.

19.13 Disputes

Any disputes or differences of any nature arising hereunder shall be referred to the Compensation Committee and its decision shall be final and binding in all respects. If the members of the Compensation Committee are evenly divided on any issue, then the Chairman of the Compensation Committee shall have a second or casting vote.

19.14 Restriction of Transfer of Option

An option granted under the Plan shall not be transferable and shall be exercisable during exercise period only by such eligible employee or in case of death, by the legal heirs of the deceased eligible employee. An option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

19.15 Option Agreement

Each Option shall be evidenced by terms and conditions as may be stipulated by the company.

19.16 Plan Severable

This Plan constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.

In the event that any term, condition or provision of this Plan being held to be a violation of any applicable law, statute or regulation the same shall be severable from the rest of this Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

19.17 Arbitration

All disputes arising out of or in connection with the Plan or the grant shall be referred to for arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be New Delhi, India.

19.18 Government regulations and general risks

This Plan shall be subject to all applicable laws, rules, regulations, notifications and to such approvals by any governmental agencies as may be required. The grant of options under this Plan shall entitle Lava to require the eligible Employees to comply with such requirements.

The Courts of New Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Scheme.

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

IN WITNESS WHEREOF THE following Directors of the company have hereunto set their respective hand and seal.

SIGNED BY THE WITHINNAMED

Directors of Lava International Limited

In witness: