

SOLARA EMPLOYEE STOCK OPTION PLAN 2018

APPLICABLE TO THE EMPLOYEES

OF

**SOLARA ACTIVE PHARMA SCIENCES LIMITED
AND ITS SUBSIDIARIES**

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SOLARA EMPLOYEE STOCK OPTION PLAN, 2018

1. SHORT TITLE, EXTENT AND COMMENCEMENT

- 1.1 This Plan may be called the “Solara Employee Stock Option Plan - 2018” or “ESOP 2018”.
- 1.2 It applies only to the Employees (defined below) of Solara Active Pharma Sciences Limited and its Subsidiaries (defined below), whether in India or outside India, who are in whole time permanent employment with the Solara Group (defined below).
- 1.3 It shall be deemed to have come into force on the date of receipt of shareholders’ approval and shall continue to be in force until the date on which all the Options (defined below) available under the Plan have been vested and exercised. It shall continue in effect till all the Options granted under the Plan are exercised or have been extinguished or unless the Plan is terminated in accordance with the Plan.

2. PRINCIPAL OBJECTIVES OF THE PLAN

- 2.1 To grant Options to the Employees of Solara Group to enable them to acquire Shares (defined below) directly from the Company as per eligibility and terms under this Plan, and to be allotted Shares of the Company upon Exercise (defined below) of such Options.
- 2.2 To attract, retain and motivate talented and critical Employees.
- 2.3 To reward Employee performance with ownership in the Company.
- 2.4 To encourage management Employees to create shareholder value.

3. DEFINITIONS

In this Plan unless the context otherwise requires, the terms listed below shall have the meanings attached to them. These terms may be identified by the capitalization of the first letter of each principal word thereof. Where any of the definitions in the Plan are as stipulated under Applicable Laws, any amendments to these definitions if made under Applicable Laws shall automatically be deemed to have amended the definitions under this Plan to give full force and effect to the amendments made under Applicable Laws.

- 3.1 “**Act**” means the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof.
- 3.2 “**Applicable Laws**” mean the statutory requirements relating to stock options plans, including the tax, Foreign Exchange Management Act, securities or corporate laws of India, SEBI Regulations and such other statutory requirements as may be applicable.

- 3.3 “**Associate Company**” shall have the same meaning as defined under Section 2(6) of the Act.
- 3.4 “**Board**” means the Board of Directors for the time being of the Company or its Subsidiaries.
- 3.5 “**Change in Capital Structure**” means a change in the capital structure of the Company because of combination or re-classification of Shares, splitting up of the face value of Shares, sub-division of Shares, issue of bonus Shares and any other change in the rights or obligations in respect of Shares.
- 3.6 “**Company**” means Solara Active Pharma Sciences Limited (CIN: U24230MH2017PLC291636).
- 3.7 “**Solara Group**” means the Company along with its Subsidiary but does not include an Associate Company.
- 3.8 “**Compensation Committee**” means the Nomination and Remuneration Committee constituted as per the provisions under Section 178 of the Act and entrusted with the authority to formulate, implement and administer the ESOP 2018.
- 3.9 “**Control**” shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- 3.10 “**Corporate Action**” means one of the following events:
- (i) the merger, de-merger, spin-off, consolidation, 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 the assets or undertaking of the Company.
 - (iii) The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
 - (iv) Acquisition by any company, person, entity or group of a controlling stake in the Company. For this purpose, ‘Controlling Stake’ shall mean more than 26% of the voting share capital of the Company.
 - (v) Rights issue, bonus issue and others.

Any other event, which in the opinion of the Board has a material impact on the business of the Company which requires corporate action.

- 3.11 “**Director**” means a member of the Board of the Solara Group.
- 3.12 “**Disability**” shall mean “Permanent Total Disability” as defined in the Workmen's Compensation Act, 1923.
- 3.13 “**Effective Date**” for the Plan shall be the date of receipt of shareholder approval of the Company.
- 3.14 “**Employee**” means:
- (a) A permanent employee of the Solara Group, whether in India or outside India; or
 - (b) A Director of the Solara Group whether whole time Director or not but excluding Independent Directors;

but does not include:

- (i) An employee who is a Promoter or a person belonging to the Promoter Group; or
- (ii) A Director who either himself or through his Relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding Shares of the Company.

Provided that an employee shall not cease to be an employee in the case of:

- (i) Any leave of absence approved by the Company/ Subsidiary;
- (ii) Transfers between locations of the Company/ Subsidiary or between the Solara Group companies or any successor.

Where such Employee is a Director nominated by an institution as its representative on the Board:

- (a) The contract or agreement entered between the institution nominating its employee as the Director of the Company, and the Director so appointed shall, *inter alia*, specify the following:
 - (i) Whether the grants by the Company under the Plan can be accepted by the said employee in his capacity as Director of the Company;
 - (ii) That grant if made to the Director, shall not be renounced in favour of the nominating institution; and
 - (iii) The conditions subject to which fees, commissions, other incentives, etc. can be accepted by the Director from the Company.

- (b) The institution nominating its employee as a Director of the Company shall file a copy of the contract or agreement with the Company, to enable the Company to file a copy of the same to all the stock exchanges on which the shares of the Company are listed;
- (c) The Director so appointed shall furnish a copy of the contract or agreement at the first Board meeting of the Company attended by him after his nomination.
- 3.15 “**Employer**” means the Solara Group (which includes Company and any of its Subsidiaries).
- 3.16 “**Exercise**” means the act of a written application being made by the Employee to the Company for issue of Shares against vested Options in pursuance of the Plan.
- 3.17 “**Exercise Date**” means the date on which an Optionee Exercises Options.
- 3.18 “**Exercise Price**” means, the price payable by the Optionee for exercising the Option Granted to him/her under the Plan as may be decided by the Compensation Committee.
- 3.19 “**Exercise Period**” means the period of 120 days from the date of Vesting of the Options within which an Employee should exercise his/ her right to apply for Shares against the vested Option in pursuance of the Plan. The Options shall not be permitted to be exercised after the expiry of the above-mentioned Exercise Period.
- After the Exercise Period, all the Options vested but remained unexercised under the Plan will lapse, however, the unexercised Options shall become available for future Grant or sale under the Plan (unless the Plan has been terminated).
- 3.20 “**Grant**” means the process of passing a resolution by the Compensation Committee to issue Options to Employees under the Plan.
- 3.21 “**Grant Date**” means the date on which the Compensation Committee approves the Grant.
- 3.22 “**Holding Company**”, in relation to one or more other companies, means a company of which such companies are subsidiary companies.
- 3.23 “**Independent Director**” shall have the same meaning as defined under section 2(47) of the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.24 “**Letter of Grant**” means the letter issued by the Company intimating the Employee of the Options granted to him/ her and evidencing the terms and conditions of the Option Grant. The Letter of Grant is subject to the terms and conditions of the Plan.
- 3.25 “**Long Leave**” shall mean continues period of leave, with or without pay, granted in accordance with the Company’s policy or with a due approval from the appropriate authority in the Company.

3.26 **“Market Price”** means the latest available closing price on the stock exchange on which the shares of the Company are listed on the date immediately prior to the Relevant Date.

As the Shares of the Company are listed on more than one stock exchange, the closing price on the stock exchange having higher trading volume shall be considered as the market price.

3.27 **“Misconduct”** shall mean a finding by the Company that : (a) the Optionee has breached the terms of his employment with the Solara Group, and failed to cure, if curable, the breach within 30 (thirty) days after such notice; (b) there has been a gross negligence on the part of the Optionee and the Optionee has failed to cure, if curable, the negligence within 30 (thirty) days after such notice; (c) the Optionee has engaged in disloyalty to the Solara Group including without limitation, fraud, embezzlement, theft, commission of a felony, or dishonesty, in the course of his employment or service or association with the Solara Group; or (d) the Optionee has engaged in behaviour detrimental to the interests of the Solara Group, including but not limited to gross neglect or gross misconduct in the carrying out of the Optionee’s duties and obligations.

3.28 **“Option”** means the option given to an Employee pursuant to the Plan which gives him/ her a right but not an obligation to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting.

3.29 **“Optionee”** means an Employee having a right but not an obligation to Exercise an Option pursuant to this Plan.

3.30 **“Plan”** means the Solara Employees Stock Option Plan - 2018 (“Solara ESOP - 2018” or “ESOP 2018”) under which the Company grants a stock Option to its Employees.

3.31 **“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.

3.32 **“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.

Provided where the Promoter or Promoter Group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters/ Promoter Group of the Company.

3.33 **“Relative”** shall have the same meaning as defined under section 2(77) of the Act.

3.34 **“Relevant Date”** means:

(I) in the case of Grant, the date of the meeting of the Compensation Committee in which Options are granted/ Shares are issued; and

(ii) in the case of Exercise of Shares by the Employees, the date on which the notice of exercise is given to the Company by the Employee.

- 3.35 “**Retirement**” means the termination of employment or service of an Optionee on or after the Optionee’s attainment of age 58 or such other extended period.
- 3.36 “**SEBI**” means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
- 3.37 “**SEBI Regulations**” means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by SEBI, as amended from time to time.
- 3.38 “**Securities**” shall have the same meaning ascribed to it under Section 2(h) of the Securities Contracts (Regulation) Act, 1956.
- 3.39 “**Shares**” mean, the equity shares of the Company with a nominal par value of Rs.10/- each or where the equity share of the Company has been split up into a par value of less than Rs.10/-, then the equivalent number of equity shares for the revised par value per equity share.
- 3.40 “**Subsidiary**” means a subsidiary of the Company, whether now or hereafter existing as defined under Section 2(87) of the Act.
- 3.41 “**Taxes**” means tax in relation to any income, fringe benefit, franchise, capital stock, profits, windfall profits, gross receipts, sales, use, value added, transfer, registration, stamp, premium, excise, customs duties, severance, environmental, real property, personal property, ad valorem, occupancy, license, occupation, employment, payroll, employees benefits, disability, unemployment, workers' compensation, withholding, estimated or other similar tax, duty, fee, assessment or other governmental charge or deficiencies thereof (including all interest and penalties thereon and additions thereto).
- 3.42 “**Unvested Option**” means an Option in respect of which the relevant Vesting Period has not yet completed and as such, the Optionee has not become eligible to Exercise the Option.
- 3.43 “**Vesting**” means the process by which the Employee becomes entitled to receive the benefit of Grant made to him under the Plan, which shall be determined by the Compensation Committee.
- 3.44 “**Vesting Date**” means the date on which the Option granted to the Employee in pursuance of the Plan stands Vested.
- 3.45 “**Vesting Period**” means the period during which the Vesting of Options granted under this Plan takes place as mentioned in Clause 11.3 of this Plan.

3.46 “**Vesting Schedule**” means the time schedule for Vesting of the Options. For computation of the Vesting Schedule, the period of service for which Employee was not paid salary/wages other than for reasons approved by the Compensation Committee would always stand excluded.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

4. STOCK SUBJECT TO THE PLAN

4.1 The maximum aggregate number of the Shares which may be subject to Option and granted under the Plan is as under:

Nominal value per Share	The maximum number of Shares subject to Option under this Plan is
Rs. 10/- (Rupees Ten only)	12,30,000 Shares

4.2 The Shares, which are subject to Option, shall be authorized but unissued.

4.3 If an Option expires or becomes un-exercisable without having been exercised in full, the unpurchased Shares, which were subject thereto, shall become available for future grant or sale under the Plan, unless the Plan has terminated prior to such grant or sale.

4.4 Where Shares are issued consequent upon Exercise of an Option under the Plan, the maximum number of Shares which are subject to Option referred to in Clause 4.1 above stands reduced to the extent of such Shares issued.

5. ADMINISTRATION OF THE PLAN

5.1 The Plan shall be administered by the Compensation Committee appointed by the Board, constituted to comply with Applicable Laws and which shall meet on a regular basis.

5.2 Powers of the Compensation Committee: Subject to the provisions of the Plan, and subject to the approval of any relevant authorities, the Compensation Committee shall have the authority in its discretion:

- (a) To select the Employees to whom Options may from time to time be granted hereunder;
- (b) To determine the number of Options to be granted to an Employee;
- (c) To determine the number of Shares to be covered by each such Option granted hereunder;
- (d) To determine the Exercise Price of each such Option granted and the maximum permissible discount on the Market Price;

- (e) To determine the Vesting Date, Vesting period and the Exercise Period;
- (f) To determine the number of Shares and/ or the Exercise Price in the case of bonus shares, preferential allotments (if any) and rights issues/ dilution;
- (g) To formulate the conditions under which Options vested in Employees may lapse in case of termination of employment for Misconduct;
- (h) To formulate the conditions under which Options may be accelerated;
- (i) To specify the time within which the Employee Shall Exercise the Vested Options in the event of termination or resignation of an Employee;
- (j) To approve forms of agreement for use under the Plan;
- (k) To determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option granted hereunder; and
- (l) To construe and interpret the terms of the Plan and Options granted pursuant to the Plan.

5.3 The Compensation Committee shall also frame suitable policies and systems to ensure that there is no violation of the:

- (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
- (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

5.4 **Appraisal of Employees**

- (a) The Compensation Committee shall, based on the various criteria decided by it from time to time for assessing the contribution of the Employees, decide on the Employees who qualify under the Plan and the number of Options of the Company that may be issued to them.
- (b) The appraisal process shall include evaluation of an Employee based on one or more criteria for determining eligibility of the Employees to be granted Options, including but not limited to the following:
 - (i) Work related or academic performance of the Employee;
 - (ii) Length of service;
 - (iii) Potential of the Employee to contribute to the Company's / Subsidiary's performance;
 - (iv) Position held;

- (v) The extent of contribution made by the Employee towards business results, achievement of medium to long term performance plans, processes, and customer satisfaction or Employee satisfaction;
- (vi) High market value /difficulty in replacement; and
- (vii) High risk of losing the Employee to competition.

6. ELIGIBILITY FOR GRANT OF OPTIONS

- 6.1 An Employee shall be eligible to participate in ESOP 2018 as determined by the Compensation Committee.
- 6.2 The Compensation Committee may, on such dates as it shall determine, Grant to such Employees as it may in its absolute discretion select, Options of the Company on the terms and conditions and at the Exercise Price as it may decide.
- 6.3 The number of Options granted shall be stipulated in the Letter of Grant.
- 6.4 The Employee to whom an Option is granted shall communicate his acceptance of the Option in the prescribed form within thirty (30) days from the date of issue of Letter of Grant.
- 6.5 Neither the Plan nor any Option shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as an Employee with the Solara Group, nor shall it interfere in any way with his or her right or the Solara Group's right to terminate such relationship at any time, for any reason whatsoever.

7. RIGHTS OF AN OPTIONEE

- 7.1 Subject to Clause 12.2, Shares issued upon Exercise of an Option shall be issued in the name of the Optionee.
- 7.2 The Optionee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Option granted to him, till Shares are issued upon Exercise of Option.
- 7.3 The Company shall issue (or cause to be issued) such Shares promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued.

8. TERM OF THE PLAN

The Plan shall become effective upon receipt of shareholders' approval. It shall continue in effect till all the Options granted under the Plan are exercised or have been extinguished or unless the Plan is terminated under Clause 17 of the Plan.

9. OPTION EXERCISE PRICE AND CONSIDERATION

- 9.1 The consideration payable by an Optionee for Exercising an Option would be the Exercise Price subject to conforming to the accounting policies detailed in Clause 24 below.
- 9.2 The consideration to be paid for the Shares to be issued upon Exercise of an Option, including the method of payment shall be determined by the Compensation Committee at the time of Grant and be communicated in the Letter of Grant.
- 9.3 In making its determination as to the type of consideration to accept, the Compensation Committee shall consider if acceptance of such consideration may be reasonably expected to benefit the Company or the Solara Group.
- 9.4 The Plan does not provide for cashless Exercise of Options. The application shall be in such form as may be prescribed in this regard and the Compensation Committee may determine the procedure for the Exercise from time to time.

10. MAXIMUM QUANTUM OF OPTIONS PER OPTIONEE*

No Employee shall be granted, in any financial year of the Solara Group, Options to purchase more than or equaling 3% of the outstanding issued equity share capital as on the date of Grant, (excluding outstanding Options, warrants and conversions).

11. VESTING SCHEDULE OF THE OPTIONS

- 11.1 The Vesting Schedule of an Option shall be a minimum of one year from the Grant Date.
- 11.2 Subject to the above clause, the Compensation Committee shall have the sole discretion to decide the Vesting Schedule in respect of any Optionee and communicate the same in the Letter of Grant.
- 11.3 Unless otherwise specified in the Letter of Grant, all Options granted under this Plan Shall Vest in over a period of three years in the following manner, with the first Vesting Date being one year from the date of the Grant of Stock Options.

Year	% of Options Vested
1	20%
2	30%
3	50%

Provided that in case where options are granted by a Company under the Plan in lieu of options held by a person under an employee stock option scheme in another company which has merged or amalgamated with that Company, the period during which the options granted by the transferor company were held by him shall be adjusted against the minimum vesting period of one year.

**Clause 10 amended by way of Special Resolution passed by the shareholders of the company vide postal ballot results declared on November 23, 2018*

11.4 The Compensation Committee in its absolute discretion may, for any Optionee or class of Optionees, permit the Options to be Exercised within such time and as per such terms and conditions as it may determine.

12. METHODOLOGY FOR EXERCISING OPTIONS

12.1 **Procedure for Exercise of Options**

- (a) An Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Compensation Committee and set forth in the Letter of Grant.
- (b) The Option shall be deemed exercised when the Company receives:
 - (i) Written or electronic notice of Exercise by the Optionee (in accordance with the Letter of Grant); and
 - (ii) Full payment for the Shares in respect of the Exercised Options.
- (c) Options will become exercisable in part or whole but not for fraction of a share.
- (d) In case of specified circumstances such as death, Disability, Long Leave, etc., the unexercised portion of the Option will continue to be available to the Optionee/ his Nominee/ legal heir, for Exercise, as provided for in the ESOP 2018.
- (e) The unexercised portion of the Option would lapse on failure to Exercise the same within the Exercise Period.
- (f) Full payment may consist of any consideration and method of payment authorized by the Compensation Committee and permitted by the Letter of Grant and the Plan.
- (g) In case the Optionee is on Long Leave as on the Vesting Date, the Optionee may Exercise the Options:
 - (i) through a duly constituted attorney of the Optionee; or
 - (ii) within a period of 120 days or such other extended date as the Compensation Committee may decide from the date on which the Optionee joins back the office after such Long Leave.

failing the above, the Vested Options shall lapse.

12.2 **Exercise of Options in the case of separation of an Optionee from employment**

- (a) **Disability:** In case the Optionee suffers Disability while in employment with the Solara Group, all Options held by the Optionee shall vest on an accelerated basis and consequently the Optionee may Exercise all such vested Options immediately after, but in no event later than 6 (six) months from the date of such Disability;

- (b) **Death:** In the event of death of an Optionee while in employment with the Solara Group, all Options held by the deceased Optionee shall vest on an accelerated basis and consequently the legal heirs/ nominees of the deceased Optionee may Exercise all such vested Options immediately after, but in no event later than 6 (six) months from the date of Optionee's death;
- (c) **Retirement:** In the event of separation of an Optionee from employment of the Solara Group for reasons of normal Retirement or an early retirement specifically approved by the Company, all Options held by the Optionee shall vest on an accelerated basis and consequently the Optionee may Exercise all such vested Options immediately after the date of retirement but in no event later than 6 (six) months from the date of separation from employment;
- (d) **Resignation:** In the event of resignation of an Optionee from the Solara Group all Options, which are not vested on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Options which have already been vested as on that date shall be exercised by the Optionee not later than 60 (sixty) days from the date of actual separation of the Optionee from the Solara Group;
- (e) **Misconduct:** In the event of termination of employment of an Optionee by the Solara Group for Misconduct, all Options including those, which are vested but not exercised at the time of termination of employment, shall expire and stand terminated with effect from the date of such termination;
- (f) **Abandonment of Service:** In the event of abandonment of service by an Optionee without the Solara Group's consent, all Options including those, which are vested but were not exercised at the time of abandonment of service shall stand terminated with immediate effect. The date of abandonment of service by an Optionee shall be decided by the Solara Group at its sole discretion which decision shall be binding on all concerned;
- (g) **Transfer/ Deputation:** In the event that an Optionee is transferred or deputed to a Subsidiary Company prior to vesting or Exercise, the vesting and Exercise as per the terms of Grant shall continue in case of such transferred or deputed Optionee even after the transfer or deputation; and
- (h) **Any Other Reasons:** If an Optionee's employment with the Company's Group ends for any reason not mentioned above in this clause (including without limitation, termination for Misconduct), all rights of the Optionee in Options including those which are vested but not Exercised, shall terminate on the date of Optionee's employment ends.

13. NON- TRANSFERABILITY OF THE OPTIONS

- 13.1 The Options granted under this Plan are not eligible to be sold, pledged, assigned, hypothecated, transferred, disposed of or otherwise alienated in any manner other than by will or by the laws of descent or distribution and may be exercised by the Optionee during the life time of the Optionee.

13.2 Subject to Clause 12.2, no person other than the Employee to whom the Option is granted shall be entitled to the benefit arising out of such Option.

14. ADJUSTMENTS FOR CORPORATE ACTIONS BY COMPANY

14.1 In the event of the occurrence of any Corporate Actions, adjustments to entitlement shall be made as specified in Clause 14.2 below. In the case of Corporate Actions not specified in this Clause, the Compensation Committee shall formulate appropriate procedures for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price of the granted Options.

In this regard, the following shall, inter alia, be taken into consideration by the Compensation Committee:

- (i) The number and price of Options shall be adjusted in a manner such that total value to the Employee of the Options remains the same after the Corporate Action; 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 Employee(s) who is granted such Options.

14.2 Adjustments for specified Corporate Actions shall be done in the manner provided below

(a) Changes in Capitalization

Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Option, and the number of Shares, which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, as well as the price per Share covered by each such outstanding Option, shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, bonus issue, combination or reclassification of the Shares, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company. The conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of Shares of stock of any class, or securities convertible into Shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of the Shares subject to an Option.

(b) Dissolution or Liquidation

In the event of the proposed dissolution or liquidation of the Company, the Compensation Committee shall notify each Optionee as soon as practicable prior to the effective date of such proposed transaction. The Compensation Committee in its

discretion may provide for an Optionee to have the right to Exercise his or her Option until fifteen (15) days prior to such transaction as to all the Options covered thereby, including Shares as to which the Option would not otherwise be exercisable and the Option shall terminate upon expiration of such period.

(c) Merger or Asset Sale

In the event of a merger of the Company with or into another corporation, or the sale of substantially all the assets of the Company, each outstanding Option shall be assumed or an equivalent Option substituted by the successor corporation or a parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the Option, the Optionee shall fully vest in and have the right to Exercise the Option as to all the Optioned Stock, including Shares as to which it would not otherwise be vested or exercisable. If an Option becomes fully vested and exercisable in lieu of assumption or substitution in the event of a merger or sale of assets, the Compensation Committee shall notify the Optionee in writing that the Option shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Option shall terminate upon the expiration of such period. For the purposes of this paragraph, the Option shall be considered assumed if, following the merger or sale of assets, the Option confers the right to purchase or receive, for each Share subject to the Option immediately prior to the merger or sale of assets, the consideration (whether stock, cash, or other securities or property) received in the merger or sale of assets by holders of Shares for each Share held on the effective date of the transaction (and if the holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the merger or sale of assets is not solely Shares (or their equivalent) of the successor corporation or its parent, the Compensation Committee may, with the consent of the successor corporation, provide for the consideration to be received upon the Exercise of the Option, for each Share subject to the Option, to be solely shares (or their equivalent) of the successor corporation or its parent equal in fair market value to the per Share consideration received by holders of Share in the merger or sale of assets.

(d) Change of Control

Subject to the discretion of the Compensation Committee, all Unvested Options shall vest immediately in the case of Change in management. For the purpose of this clause, change in management shall mean change of the majority of the directors constituting the Board of Directors of the Company at any one instance coupled with a Change in 'Control'.

15. TIME FOR GRANTING OPTIONS

The Options may be granted by the Compensation Committee at any time it considers necessary and the Grant Date shall be the date specified in the Letter of Grant.

16. TERMS AND CONDITIONS OF THE SHARES

All Shares allotted on Exercise of Options will rank pari-passu with all other Shares of the Company for the time being in issue.

17. AMENDMENT AND TERMINATION OF THE PLAN

- 17.1 The Compensation Committee may propose the amendment or termination of the Plan to the Board. The Board may with prior approval of shareholders of the Company, at any time amend, alter, suspend or terminate the Plan provided that such variation is not prejudicial to the interest of the Optionees.
- 17.2 No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Optionee, unless mutually agreed otherwise between the Optionee and the Compensation Committee, which agreement must be in writing and signed by the Optionee and the Company.
- 17.3 Termination of the Plan shall not affect the Compensation Committee's ability to exercise the powers granted to it hereunder with respect to Options granted under the Plan prior to the date of such termination.

18. CONDITION FOR ISSUANCE OF THE SHARES

18.1 Legal Compliance

Shares shall not be issued pursuant to the Exercise of an Option unless the Exercise of such Option and the issuance and delivery of such Shares shall comply with Applicable Laws and shall be further subject to the approval of counsel for the Company with respect to such compliance.

18.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18.3 Incidence of Tax on Options and the Shares

- (a) In the event of any Tax liability arising on account of the allotment of Shares to the Optionee, the liability shall be that of the Optionee alone and any such liability arising on the Solara Group shall be recoverable from the Optionee concerned.
- (b) All Tax liabilities arising on disposal of the Shares after Exercise would require to be handled by the Optionee.
- (c) In the event of any Tax liability arising out on account of the Plan, the Company shall have the right to cause the Shares held by the Optionee under the Plan, to be sold or otherwise alienated to meet the liability, on behalf of the Employee.
- (d) Notwithstanding anything contained in the Plan, the Company shall have the right to deduct and/or recover, relating to or in connection with all Grants any and all Taxes, if any, required by law to be deducted at source or otherwise and

shall also recover any Taxes, whether directly or indirectly payable by the Solara Group at the time of the Grant or vesting or Exercise or allotment of the Options or the Shares or at any different point of time.

19. SURRENDER OF OPTIONS

- 19.1 An Optionee may surrender his vested / unvested Options at any time during his employment with the Solara Group.
- 19.2 Any Optionee willing to surrender his Options shall communicate the same to the Company. Thereafter, the surrendered Options shall expire with effect from the date of surrender of Options and become available for future Grant under the Plan (unless the Plan has been terminated).

20. RESERVATION OF SHARES

The Company during the term of this Plan, shall at all times reserve and keep available such number of Shares as part of its authorized share capital as shall be sufficient to satisfy the requirements of the Plan.

21. STATUTORY APPROVALS

- 21.1 The Plan shall be subject to approval by the shareholders of the Company by way of a special resolution to be passed at the General Meeting or through Postal Ballot and such other regulatory authorities, as may be applicable, from time to time.
- 21.2 The explanatory statement to the notice and the resolution proposed to be passed by shareholders for the Plan and schemes under it shall include such information as required under Applicable Laws.

22. LISTING

- 22.1 In case new issue of Shares is made under the Plan, Shares so issued shall be listed immediately in any recognized stock exchange where the existing Shares are listed, subject to such conditions as stipulated under Applicable Laws.
- 22.2 For listing of Shares issued pursuant to the Plan, the Company shall obtain the in-principle approval of the stock exchanges where it proposes to list the said Shares.

23. DISCLOSURES

In addition to the information that a Company is required to disclose, in relation to Employee benefits under the Act the Board of the Company shall also disclose the details of the Plan, as specified under other Applicable Law.

24. ACCOUNTING POLICIES

Consequent to the implementation of the Plan, the Company shall follow the requirements of the Indian Accounting Standard (IndAS) 102 for Share Based Payment or such other Accounting Standard or Guidance Note, as may be applicable and issued

by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.

25. MISCELLANEOUS

25.1 No Right to any Option

Neither the adoption of the Plan nor any action of the Board or the Compensation Committee shall be deemed to give an Employee any right to be granted any Option or to acquire Shares or to any other rights, nor shall it create any right in any Employee to claim any Option as a matter of right.

25.2 No Employment Rights Conferred

Nothing contained herein or in any Option granted to an Employee shall:

- (i) give or confer upon such Employee any right for continuation of any employment with his Employer; or
- (ii) Interfere in any way with the right of the Employer to terminate the employment of such Employee at any time and for any reason whatsoever.

25.3 No Restriction of Corporate Action

The existence of the Plan and the Grants made hereunder shall not in any way effect the right or the power of the Board or the shareholders of 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 which it deems appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Grant made under the Plan.

25.4 Confidentiality

The Optionee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan. Any violation may result in cancellation of the offer without prejudice to the other action, which may be taken in this regard.

25.5 Insider Trading

The Optionee shall ensure that there is no violation of applicable regulations for the prevention of "insider trading" in Shares and Securities and for prevention of fraudulent and / or unfair trade practices relating to the Securities market.

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

The Optionee shall indemnify and keep indemnified the Company / Board / Compensation Committee in respect of any liability arising as a result or consequence of the violation of the above provisions by the Employee.

25.6 New Plans

Nothing contained in the Plan shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new plan for granting stock Options and /or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any Grant made under the Plan. No Employee or other person shall have any claim against the Company as a result of such action.

25.7 Issues

In respect of any issues arising in respect of the Plan, the decision and interpretation of the Compensation Committee shall be final and binding on all concerned.

25.8 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.

25.9 Notices and Correspondence

Any notice required to be given by an Employee/ Optionee to the Company or any correspondence to be made between an Employee/ Optionee and the Company may be given or made to the Company at the registered office or corporate Office of the Company as may be notified by the Company in writing.

25.10 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 and shall include any statutory modifications, re-enactment or amendments thereof. The place of arbitration shall be Bangalore, India.

25.11 **Governing Law**

This Plan and all agreements there under shall be governed by and construed in accordance with the applicable laws in India.

The Employee agrees and acknowledges that he / she has received the salient features of the Plan and that the Grants are subject to the Plan. Any term of the Plan that is contrary to the requirement of any applicable law or other Indian regulations shall not apply to the extent it is contrary.

This Plan shall not form part of any contract of employment between the Solara Group and the Employee. The rights and obligations of any individual under the terms of his office or employment with the Solara Group shall not be affected by his participation in this Plan or any right which he may have to participate in it and nothing in this Plan shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

This Plan shall not confer on any Employee any legal or equitable rights (other than that to which he would be entitled as an ordinary member of the Company) against the Company either directly or indirectly or give rise to any cause of action in law or in equity against the Company.
