



UFO Moviez

Employee Stock Option Scheme 2014

[As updated pursuant to shareholders' approval vide special resolution passed on May 15, 2018]

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## **1. Name, Objective and Philosophy**

- 1.1 This Scheme shall be called 'ESOP 2014'.
- 1.2 The Company strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the organization. The underlying philosophy of ESOP 2014 is to enable the Employees, present and future, to share the wealth that they help to create for the organization over a certain period of time.
- 1.3 The ESOP 2014 is established with effect from December 12, 2014 and shall continue to be in force until:
  - (i) its termination by the Board; or
  - (ii) the date on which all of the Options available for issuance under the ESOP 2014 have been issued and exercised.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2014.

## **2. Definitions and Interpretations**

### **2.1 Definitions**

The terms defined in this ESOP 2014 shall have the meanings herein specified and terms not defined in this ESOP 2014 shall have the meanings as defined in the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and the SEBI (Share Based Employee Benefits) Regulations, 2014, or in any statutory modifications or re-enactments thereof, as the case may be.

- i. **“Agreement”** means the Employee Stock Option Agreement between the Company and the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option. The Agreement is subject to the conditions of ESOP 2014.
- ii. **“Applicable Law”** means the legal requirements relating to Employee Stock Options, including, without limitation, the Companies Act, 2103, SEBI Act, the SEBI ESOP Guidelines and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the shares are listed or quoted.
- iii. **“Board”** means the Board of Directors of the Company.
- iv. **“Companies Act”** means The Companies Act, 2013 and includes any statutory modifications or reenactments thereof.
- v. **“Company”** means UFO Moviez India Limited.
- vi. **“Company Policies / Terms of Employment”** mean the Company’s policies for Employees and the terms of employment as contained in the employment letter and any other rules / bye-laws issued from time to time.
- vii. **“Compensation Committee”** means a Committee constituted by the Board of Directors from time to time to administer ESOP 2014.
- viii. **“Director”** means a member of the Board of the Company.
- ix. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Compensation Committee for granting the Employee Stock Options to the Employees.
- x. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) a director of the Company, whether whole-time or not but

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- excluding promoter director or an independent director; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this Clause 2.1 (x) of a Subsidiary Company, in India or out of India or of a Holding Company of the Company but excludes:
- a. an employee who is a Promoter or belongs to the Promoter Group;
  - b. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed shares of the Company; and
  - c. an independent director.
- xi. **“Employee Stock Option” or “Option”** means an Option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the Option at a pre-determined price.
- xii. **“Exercise of an Option”** means making of an application by an Employee to the Company for issue of the Shares underlying the Options vested in him, in pursuance of the ESOP 2014, in accordance with the procedure laid down by the Company for the Exercise of Options.
- xiii. **“Exercise Period”** means such a time period within which the Employee should Exercise the Options vested in him in pursuance of the ESOP 2014.
- xiv. **“Exercise Price”** means the price payable by an Employee in order to Exercise the Options granted to him in pursuance of the ESOP 2014.
- xv. **“Grant”** means issue of Options to the Employees under the ESOP 2014.
- xvi. **“Holding company”** means any present holding company of the Company, as defined in the Companies Act.

- xvii. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2014 and having a right but not an obligation to Exercise the Options.
- xviii. **“Permanent Disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Compensation Committee based on a certificate of a medical expert identified by such Committee.
- xix. **“Promoter”** means (a) the person or persons who is or are in over-all control of the Company; (b) the person or persons who are instrumental in the formation of the Company or programme pursuant to which the shares were offered to the public; (c) the person or persons named in the offer document as promoter(s); or (d) as defined in the Companies Act. Provided that a director or officer of the Company, if they are acting as such only in their professional capacity will not be deemed to be a Promoter. Where a Promoter of the Company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of the Company.
- xx. **“Promoter Group”** means (a) an immediate relative of the Promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the Promoter Group”; (c) as defined in the SEBI ICDR Regulations.
- xxi. **“Retirement”** means retirement as per the rules of the Company.

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- xxii. **“Scheme / Plan / ESOP 2014”** means this Employee Stock Option Scheme 2014 under which the Company is authorized to Grant Employee Stock Options to the Employees.
- xxiii. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxiv. **“SEBI ESOP Guidelines”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended and includes all regulations and clarifications issued thereunder.
- xxv. **“Shares”** means equity shares of the Company arising out of the Exercise of Employee Stock Options granted under the ESOP 2014.
- xxvi. **“Subsidiary Company”** means any present subsidiary company of the Company, as defined in the Companies Act.
- xxvii. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.
- xxviii. **“Vesting”** means the process by which the Option Grantee is given the right to Exercise the Employee Stock Options granted to him in pursuance of the ESOP 2014 subject to Exercise conditions.
- xxix. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.
- xxx. **“Vesting Period”** means the period during which the Vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2014 takes place.

- xxxi. **“Vested Option”** means an Option in respect to which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option subject to fulfillment of Exercise conditions.

## 2.2 Interpretation

In this Plan, unless contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

## 3. Authority and Ceiling

- 3.1 The shareholders of the Company, in their general meeting held on November 20, 2014 have approved the Grant of Employee Stock Options exercisable into such number of equity Shares being not more than 1,150,000 shares of the Company at any point in time, under one or more Employee Stock Option Scheme(s) to the Employees of the Company.
- 3.2 The Compensation Committee in its meeting held on December 12, 2014 has resolved to issue to Employees under ESOP 2014, Employee Stock Options exercisable into such number of equity Shares being not more than 1,150,000 shares of the Company, with each such Option conferring a right upon the Employee to apply for such number of equity shares of the company as per the letter of grant given to them, in accordance with the terms and conditions of such issue.



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- 3.3. Under ESOP 2014, the Company will issue fresh equity shares when the Vested Options are exercised by the Option Grantees.
- 3.4 Employee Stock Options that expire / lapse / get cancelled shall become available for future Grants, subject to compliance with all the Applicable Laws.
- 3.5 In case of a share-split where the face value of the shares is reduced below Rs.10 or in case of consolidation of shares, the maximum number of Options available for being granted under ESOP 2014 shall stand modified accordingly, so as to ensure that the cumulative paid-up value (No. of shares X Face value per share) of the total Shares arising out of Exercise of Options that can be issued by the Company or transferred from the trust remains unchanged. In case of bonus issue the employees shall become eligible for an adjustment to be made to the number of options and the exercise price of the options granted.

## 4. Administration

- 4.1 The ESOP 2014 shall be administered by the Compensation Committee. All questions of interpretation of the ESOP 2014 or any Employee Stock Option shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2014 or such Employee Stock Option.
- 4.2 The Compensation Committee shall in accordance with this Plan and Applicable Laws determine the detailed terms and conditions of the Employee Stock Options, including but not limited to:
  - (a) The quantum of Employee Stock Options to be granted under the ESOP 2014 per Employee, subject to the ceiling as specified in Clause 3.2, which is 11,50,000 equity shares of the Company, in the aggregate and not exceeding 1% of the paid up capital per Employee;

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- (b) The Eligibility Criteria subject to which an Employee would become entitled to be granted options under the Scheme;
- (c) The Schedule for Vesting of Employee Stock Options;
- (d) Vesting Conditions;
- (e) The method for exercising the Vested Options;
- (f) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
- (g) The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Compensation Committee:
  - (i) the number and / or the price of the Employee Stock Options shall be adjusted in a manner such that the total value of the ESOP 2014 remains the same before and after such corporate action;
  - (ii) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
  - (iii) the Vesting Period and the life of the Employee Stock Options shall be left unaltered as far as possible to protect the rights of the Option Grantee
- (h) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (i) The procedure for cashless exercise of Employee Stock Options, if required;

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- (i) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2014.
- (k) Frame suitable policies and systems to ensure that there is no violation of (i) Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and (ii) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any Employee.
- (l) Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP 2014.
- (m) Decide all other matters that must be determined in connection with an Option under the Plan.

### **5. Eligibility and Applicability**

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP 2014. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Compensation Committee.
- 5.2 The Scheme shall be applicable to the Company and any successor company thereof and Stock Options may be granted to the Employees and Directors of the Company as determined by the Compensation Committee at its own discretion.

### **6. Grant of Options**

- 6.1 Grant of Employee Stock Options shall be evidenced by the Employee Stock Option Agreement in such form, as the Compensation Committee shall from time to time determine. Such Agreement shall be deemed to incorporate all the terms of the ESOP 2014, as if the same were set out therein. In the event of inconsistency between the Agreement and the ESOP 2014, the ESOP 2014 shall prevail.

- 6.2 Unless otherwise provided by the Compensation Committee at the time when the Employee Stock Options are granted, the Employee Stock Options granted to an Employee shall be subject to the terms and conditions set forth in this Plan and the Agreement as approved by the Compensation Committee.
- 6.3 The amount payable by the employee, if any, at the time of grant of option may be forfeited by the Company if the option is not exercised by the employee within the exercise period. The amount payable by the employee, if any, at the time of grant of option may be refunded to the employee if the option is not vested due to non-fulfillment of condition relating to vesting of option as per the scheme.

## **7. Vesting Period / Schedule / Conditions**

Options granted under ESOP 2014 would vest not earlier than one year and not later than six years from the date of Grant of such Options. Vesting of Options would be subject to continued employment with the Company and thus the Options would vest on passage of time. However, in addition to this, the Compensation Committee may also, if it feels necessary in certain or in all cases, specify certain performance parameters – corporate, individual or a combination – subject to which the Options would vest. The specific Vesting schedule and Vesting Conditions subject to which Options would vest would be detailed in writing and provided to the Option Grantee at the time of the Grant of Options.

## **8. Exercise**

- a) The options will be granted at the following exercise prices as decided by the Compensation Committee:
- i. Post listing, at a price equal to or higher than or at a discount to the market price, being latest available closing price, prior to the date of the meeting of the Compensation Committee, in which options are granted/

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- shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered; or
- ii. Prior to listing, at a price equal to or higher than or at a discount to the per share price determined by an independent valuer for the equity shares of the Company.
  - b) The Employee Stock Options granted shall be capable of being exercised within a period being not more than two years from the date of Vesting of the respective Employee Stock Options.<sup>1</sup>
  - c) The Shares arising out of Exercise of Vested Options would not be subject to any lock-in period after such Exercise.
  - d) In the event of resignation / termination (other than due to misconduct or breach of Company Policies / Terms of Employment) of the Option Grantee from employment with the Company, all the Unvested Options shall stand forfeited on the date of submission of the resignation or termination, as applicable. However, all the Vested Options as on the date of submission of resignation / date of termination shall be exercisable by the Option Grantee before his last working day with the Company or before the expiry of the Exercise Period, whichever is earlier.
  - e) In the event of Retirement from employment with the Company, all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than six months from the date of Retirement, and all Unvested Options will stand cancelled as on the date of Retirement, unless otherwise determined by the Compensation Committee whose determination will be final and binding.

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<sup>1</sup> Vide shareholders' resolution passed on May 15, 2018, the exercise period for existing outstanding options granted on December 12, 2014 has been extended from existing 2 years from the date of Vesting to an exercise period upto December 11, 2020.

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- f) In case the Option Grantee has been suspended or in case of an Option Grantee against whom an enquiry is being conducted for any reason, all Options shall stand suspended and shall not vest nor shall be exercisable until the enquiry is completed. If the Option Grantee is found guilty of misconduct under any such enquiry, the provision of Clause 8 (g) shall apply.
- g) In the event of termination of the employment of an Option Grantee due to misconduct or breach of Company Policies / Terms of Employment, all the Stock Options granted to such Option Grantee, including all the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination; the date of such breach shall be determined by the Compensation Committee, and its decision on this issue shall be binding and final.
- h) In the event of termination of an Option Grantee from the Company due to reasons of Permanent Disability of the Option Grantee, all the Unvested options as on the date of such Permanent Disability shall also vest immediately and all Options granted can be exercised by the Option Grantee or, in case of his death, by the nominee or legal heirs immediately after, but in no event later than six months from the date of termination of the Option Grantee or before the expiry of the Exercise Period, whichever is later.
- i) In the event of the death of Option Grantee while in employment, all the Options granted to him till such date shall vest in the legal heirs or nominees (if specified by the Option Grantee) of the deceased Option Grantee and can be exercised by the legal heirs or nominees of the deceased Option Grantee immediately after, but in no event later than six months from the date of death of the Option Grantee or before the expiry of the Exercise Period, whichever is later.

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- j) In the event of abandonment of employment by an Option Grantee without the Company's consent, all the Options granted to such an Option Grantee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect. The Compensation Committee, at its sole discretion, shall decide the date of abandonment by the Option Grantee and such decision shall be binding on all concerned.
- k) In the event of separation of the Option Grantee from employment with the Company for reasons other than those mentioned above, all the Unvested Options shall stand cancelled as with effect from that date and the Compensation Committee will decide whether the Vested Options on the date of separation can be exercised by the Option Grantee or not, and such decision shall be binding and final.
- l) In the event of an Employee being transferred amongst the Company, its Subsidiaries and its Holding Company at instance of or with consent of the Company, the Option Grantee will continue to hold all Vested Options and can Exercise them anytime within the Exercise Period. All Unvested Options shall vest as per the Vesting schedule.

### **9. Appointment of Nominee**

An Option Grantee may by written notice appoint a person as his nominee(s) for the purpose of exercising the rights in case of death of the Option Grantee, subject to the obligations, in terms of the Plan. The Option Grantee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation. In the event no nomination has been made by the Option Grantee then the legal heirs of the Option Grantee shall be entitled to the Options as per the provisions of this Plan.

## **10. Surrender of Options**

An Option Grantee / legal heirs / nominee may surrender any or all of the Options at any time, whether Vested or not. The entitlement to such surrender shall be limited prior to the lapse of the Exercise Period.

## **11. Other Terms and Conditions**

- 11.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc) in respect of any Shares covered by the Grant unless the Option Grantee exercises the Employee Stock Option and becomes a registered holder of the shares of the Company.
- 11.2 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Clause 4.2 (g) of ESOP 2014. Only if the Employee Stock Options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company, the Option Grantee would be entitled for bonus or rights shares as shareholder of the Company.
- 11.3 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee.
- 11.4 The Employee Stock Option shall not be transferred, pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

## **12. Tax Liability**

The Company shall have the right to deduct from the Employee's salary, any tax obligations, whether of the Company or of the Employee, arising in connection with the



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Employee Stock Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee.

### **13. Authority to vary terms**

The Compensation Committee may, if it deems necessary, vary the terms of ESOP 2014, provided that such variations are not detrimental to the interests of the employees and subject to the SEBI (Share based Employee Benefits) Regulations, the Applicable laws and the shareholders' approval.

### **14. Miscellaneous**

#### 14.1 Government Regulations

This ESOP 2014 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOP 2014 shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

#### 14.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such shares.

#### 14.3 The Grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company gives such person any right or entitlement to have an Employee Stock Option granted to

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him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

- 14.4 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Employee Stock Option on any other occasion.
- 14.5 The rights granted to an Option Grantee upon the Grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

**15. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2014 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by the Option Grantee to the Company in respect of ESOP 2014 shall be sent to the address mentioned below:

**UFO Moviez India Limited**  
Valuable Technopark, Plot No.53/1,  
Road No. 7, Marol MIDC,  
Andheri (East), Mumbai – 400 093.

**16. Governing Law and Jurisdiction**

- 16.1 The terms and conditions of the ESOP 2014 shall be governed by and construed in accordance with the laws of India.
- 16.2 The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2014.
- 16.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2014:
- (i) in any other court of competent jurisdiction; or
  - (ii) Concurrently in more than one jurisdiction.