



Vimta Labs Limited

Vimta Labs Employee Stock Option Plan 2021

For VIMTA LABS LIMITED

Sujani Vasireddi
Sujani Vasireddi
Company Secretary



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For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



PART A: STATEMENT OF RISKS

All investments in shares or options on shares are subject to market risks as the value of shares may fluctuate. In addition, employee stock options are subject to the following additional risks:

1. Concentration

The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.

2. Leverage

Any change in the value of the share can lead to a significantly larger change in the value of the options.

3. Illiquidity

The options under this plan cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling whole or part of their benefits before they are exercised.

4. Vesting

The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for reasons defined in Clause 18 – 'Termination of employment' of this plan.

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



PART B: INFORMATION ABOUT THE COMPANY

5. Profile of the Company

Vimta was established in 1984 and its business landscape includes providing analytical, clinical, preclinical services to life sciences industries; quality and safety testing for food and beverage industries; clinical diagnostics; EMI/EMC testing for electronic products and environment services to a wide spectrum of industries.

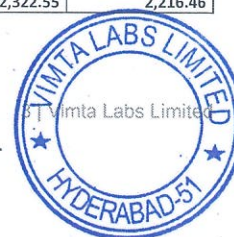
Vimta has been supporting many domestic and overseas companies for close to 4 decades, for their third party testing, research and outsourcing needs. Along with the growth in pharma, food and other manufacturing sectors, Vimta has been able to grow and also expand its services to international markets.

6. Abridged financial information(Amount in INR millions, unless otherwise stated)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
ASSETS					
Non-current assets					
(a) Property, Plant and Equipment	1,277.43	1,310.85	1,347.22	1,403.90	883.37
(b) Capital works-in-progress	172.87	18.20	41.82	-	528.79
(c) Financial assets					
(i) Investments	61.50	61.50	-		
(ii) Loans	21.63	19.09	18.72	29.34	28.29
(d) Deferred Tax Assets (Net)	9.66	5.12	-	-	-
(e) Other non-current assets	83.30	74.21	43.34	65.07	77.75
Total Non-Current assets	1,626.39	1,488.97	1,451.10	1,498.31	1,518.20
Current assets					
(a) Inventories	146.35	171.30	190.41	152.17	152.10
(b) Financial assets					
(i) Trade receivables	731.96	576.78	585.29	559.26	424.23
(ii) Cash and cash equivalents	60.10	54.83	26.67	19.95	6.25
(iii) Bank balances other than (ii) above	6.03	11.69	6.78	6.25	6.31
(iv) Loans	18.04	14.14	14.20	3.75	4.46
(v) Other financial assets	0.97	0.78	0.84	31.27	54.89
(c) Other current assets	140.90	126.83	98.98	51.59	50.02
Total Current assets	1,104.35	956.35	923.17	824.24	698.26
TOTAL ASSETS	2,730.74	2,445.32	2,374.27	2,322.55	2,216.46
EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	44.22	44.22	44.22	44.22	44.22
(b) Other equity	1,898.97	1,685.37	1,671.30	1,476.31	1,317.26
Total equity	1,943.19	1,729.59	1,715.52	1,520.53	1,361.48
Liabilities					
Non-Current Liabilities					
(a) Financial liabilities					
(i) Borrowings	142.36	45.95	115.68	194.63	180.81
(ii) Other financial liabilities	-	-	-	-	6.00
(b) Provisions	79.23	85.81	82.80	68.40	55.23
(c) Deferred tax liabilities (Net)	-	-	11.03	21.09	11.88
(d) Other non-current liabilities	38.35	12.89	16.24	19.59	6.64
Total Non Current Liabilities	259.94	144.65	225.75	303.71	260.56
Current Liabilities					
(a) Financial liabilities					
(i) Borrowings	82.07	177.04	52.42	131.48	194.04
(ii) Trade payables					
- Outstanding dues of micro enterprises and small enterprises	24.16	14.63	19.25		
- Outstanding dues of creditors other than micro enterprises and small enterprises	121.83	87.35	91.06	129.74	152.74
(iii) Other financial liabilities	199.67	216.40	195.42	160.32	223.73
(b) Other current liabilities	63.94	52.57	55.16	61.32	23.10
(c) Provisions	35.94	23.09	19.69	15.45	0.81
Total Current Liabilities	527.61	571.08	433.00	498.31	594.42
TOTAL EQUITY AND LIABILITIES	2,730.74	2,445.32	2,374.27	2,322.55	2,216.46

For VIMTA LABS LIMITED

Sujani Vasireddi
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Company Secretary



Abridged statement of Profit and Loss

Particulars	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	31 March 2021	31 March 2020	31 March 2019	31 March 2018	31 March 2017
I. Income					
Revenue from Operations	2,090.51	1,806.74	2,126.41	1,810.94	1,538.48
Other Income	8.10	30.18	19.27	11.97	9.41
Total Income	2,098.61	1,836.92	2,145.68	1,822.91	1,547.89
II. Expenses					
Cost of material consumed and testing expenditure	578.58	533.81	591.99	502.64	506.95
Changes in inventories of work-in-progress	29.84	3.60	(7.78)	-	-
Employee benefits expense	602.54	614.29	592.53	536.42	463.36
Finance costs	21.67	37.65	46.07	52.00	20.87
Depreciation expense	229.37	209.22	197.23	157.00	96.30
Other expenses	352.64	354.89	374.23	319.21	295.06
Total Expenses	1,814.64	1,753.46	1,794.27	1,567.27	1,382.54
III. Profit before tax [I-II]	283.97	83.46	351.41	255.64	165.35
IV. Tax expense					
(a) Current tax	76.26	33.61	115.20	76.91	61.39
(b) Prior year adjustments	-	(3.91)	(8.82)	2.40	(1.47)
(c) Deferred tax (benefit)/expense	(4.89)	(15.51)	(8.08)	12.00	(0.49)
Total Tax Expense	71.37	14.19	98.30	91.31	59.43
V. Profit for the year [III-IV]	212.60	69.27	253.11	164.33	105.92
VI. Other comprehensive Income					
Items that will not be reclassified to profit or loss					
(a) Re-measurement of the net defined liability	1.34	(2.53)	(6.78)	(8.08)	(8.38)
(b) Income tax relating to the above item	(0.34)	0.64	1.97	2.80	2.90
Total other comprehensive income/(loss), net of tax	1.00	(1.89)	(4.81)	(5.28)	(5.48)
VII. Total Comprehensive income for the year [V-VI]	213.60	67.38	248.30	159.05	100.44
VIII. Earnings per share					
Basic (INR)	9.62	3.13	11.45	7.43	4.79
Diluted (INR)	9.62	3.13	11.45	7.43	4.79

7. Risk factors

The risks and uncertainties include, but are not limited to, risks and uncertainties regarding fluctuations in earnings' rates, our ability to manage growth, intense competition in our areas of services including those factors which may affect our cost advantage, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price contracts, client concentration, our ability to manage our marketing & sales operations, reduced demand for our key focus areas, liability for damages on our products and services, political instability, legal restrictions, general economic conditions affecting our industry any *Force Majeure* conditions like natural calamities, war-like situations and the like.

Management Perception: Some of the risks are normal to the nature of industry in which the Company operates while others may be beyond the control of the Company.

8. Continuing disclosure requirement

The option grantee may be given access to copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the company and the accompanying explanatory statements. However, the option grantee will not be entitled to attend and vote in the meeting.

For VIMTA LABS LIMITED

Sujani Vasireddi
Company Secretary



PART C: SALIENT FEATURES OF THE SCHEME

This part contains the salient features of the Employee Stock Option Scheme of the company including the conditions regarding vesting, exercise, adjustment for corporate actions, and forfeiture of vested options.

9. Name and objectives of the Plan

- 9.1. The Plan shall be called the Vimta Labs Employee Stock Option Plan 2021 (or "Vimta Labs ESOP Scheme 2021" or the "Plan" or the "Scheme").
- 9.2. The objectives of the Plan are as follows:
- 9.2.1. To align employee interest with that of shareholders, reward tenured employees for their past contribution and retain best performing and critical talent.
 - 9.2.2. To unify the interests of the company personnel and shareholders in such manner that the employee would be motivated to take decisions in the interest of the shareholders
 - 9.2.3. To reward employees, especially key talent in the Company;
 - 9.2.4. To provide the employee with performance-related incentive in addition to creating wealth for them;
 - 9.2.5. To attract and retain the best available personnel for positions of responsibility;

10. Definitions and Interpretations

10.1. Definitions

In this document, the following expressions including their grammatical variations or cognate expressions shall, where the context so admits, have the following meaning:

- 10.1.1. **Applicable Law** means the legal requirements relating and as applicable to Employee Stock Option Schemes, including, without limitation The Companies Act, 2013, as amended, the Securities and Exchange Board of India Act, 1992, as amended, the guidelines and regulations issued by the Securities and Exchange Board of India including the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, 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
- 10.1.2. **Auditors** mean the auditors as approved by the general assembly.
- 10.1.3. **Board/ Board of Directors** means the Board of Directors of the Company for the time being and re-constituted and/or re-structured from time to time during the existence of this Plan.
- 10.1.4. **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.

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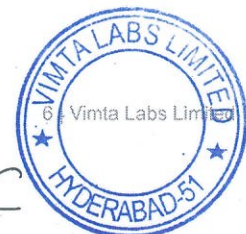

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Company Secretary



- 10.1.5. **Common Stock** means the equity shares of the Company and includes any securities convertible into equity shares.
- 10.1.6. **The Act** means the Indian Companies Act for the time being in force and as amended from time to time.
- 10.1.7. **Company** means Vimta Labs Limited, incorporated in India on 16 November 1990 its successors and assigns.
- 10.1.8. **Company Policy/ Terms of Employment** means the Company's policies for employees and the terms of employment as contained in the employment letter and the company handbook, which includes provisions for securing confidentiality, non-compete and non-poaching of other employees and customers.
- 10.1.9. **Compensation Committee** shall mean the 'Compensation Committee' or the 'Nomination and Remuneration Committee' or any other 'Committee of the Board' constituted and set up by the Company under Clause 13 of this Plan for the administration of the plan. Hereafter, referred to as the Committee
- 10.1.10. **Corporate Action** means and includes one of the following actions:
- (a) The merger, de-merger, spin-off, consolidation, amalgamation, sale of business or other reorganization of the company (except to a subsidiary) in which all the shares are converted into or exchanged for:
 - o a different class of securities of the company; or
 - o any securities of any other issuer; or
 - o cash ; or
 - o other property
 - (b) The sale, lease or exchange of all or substantially whole of the assets/ undertaking of the company to any other Company or entity (except the subsidiary)
 - (c) The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up
- 10.1.11. **Contract:** The contract that regulates the relationship between the company and the owner following the exercise of the option right according to the plan.
- 10.1.12. **Director** means a member of the Board of the Company.
- 10.1.13. **Disability** shall mean "Disability" as defined in any applicable agreement between the grantee and the Company or if there is no such agreement or Disability is not defined therein, then a grantee's becoming physically or mentally incapacitated so that he is therefore reasonably expected to be unable for a period of three (3) consecutive months or for an aggregate of six (6) months in any twelve (12) month period to perform his duties to the Company
- 10.1.14. **Eligibility criteria** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the employee stock options to the employees.
- 10.1.15. **Employee** means:
- (a) a permanent employee of the company who has been working in India or outside India
 - (b) a director of the company, whether a whole time director or not, but excluding an independent director
 - (c) an employee as defined in clause (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the company,
- but does not include:

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Company Secretary



- i. an employee who is a promoter or a person belonging to the promoter group.
- ii. a director who either himself or through his relative or through anybody corporate, directly or indirectly holds more than ten per cent of the outstanding equity shares of the company

- 10.1.16. **Employer Company** means the Company.
- 10.1.17. **Exercise** in relation to options means, the tendering by an employee, of an application for the issue of shares, pursuant to the options vested in him under the Grant and the Plan, accompanied by the Exercise Price and perquisite taxation amount payable for the shares
- 10.1.18. **Exercise Date** means the date on which an employee of the Company elects to exercise the options
- 10.1.19. **Exercise Period** 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.
- 10.1.20. **Exercise Price** means the price payable by the employee for exercising the Option granted to him in pursuance of this Plan
- 10.1.21. **Fair Market Value** means, as of any specified date, means the latest available closing price, prior to the date of the meeting of the Board of Directors in which options are granted/ 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 during the aforesaid period shall be considered.
- If the Common Stock is not publicly traded at the time a determination of its value is required to be made hereunder, the determination of its Fair Market Value shall be made by the Committee based on the advice of an independent appraiser
- 10.1.22. **Grant** means the process by which the Company individually or collectively, issue of Options to Employees under the Plan.
- 10.1.23. **Grantee** means an Employee who has been granted Stock Options pursuant to the Plan where the context so requires includes his/her legal heirs and/or designated beneficiary
- 10.1.24. **Grant Date** means the date on which Compensation Committee approves the grant.
- 10.1.25. **Long Leave** means a period of unpaid leave, greater than 30 days, sought by the employee and approved by the employer.
- 10.1.26. **Managing Director/Chairman:** The Managing Director/Chairman of the company appointed from time to time.
- 10.1.27. **Market Price:** The latest available closing price at the Stock Exchange on which shares of the Company are listed on the date immediately prior to the relevant period. 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 as the market price.
- 10.1.28. **Option or Stock Option** means a right but not an obligation granted to an Employee to subscribe for shares offered by the Company, directly or indirectly at a pre- determined price in pursuance of the Plan.
- 10.1.29. **Option Agreement** means a written agreement entered into between the Company and an Employee with respect to an Option, a Grant to such employee, and on such terms and conditions as stipulated in this Plan and as may be suggested/recommended by the Committee from time to time

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- 10.1.30. **Plan** means the Vimta Labs Employee Stock Option Plan 2021 as set out herein and as amended or modified from time to time
- 10.1.31. **Promoter** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- 10.1.32. **Resultant shares** means the equity shares issued in lieu of shares of the Company on any Change in Capital Structure or on any Corporate Action as mentioned in this Plan.
- 10.1.33. **Retirement** means retirement as per the extant rules of the Company
- 10.1.34. **Secretary** of the Company shall be the convenor and secretary to the Committee
- 10.1.35. **SEBI ESOP Regulations/ SEBI Regulations** shall mean Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended.
- 10.1.36. **Share** means fully paid equity shares of the company and the securities convertible into equity shares and shall include American Depository Receipts (ADR), Global Depository Receipts (GDR), 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
- 10.1.37. **Strategic Sale** refers to the sale of a majority stake (51% or more) of the company or any sale in which a strategic partner acquires a majority stake and/or management control; from the company or the promoter group
- 10.1.38. **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
- 10.1.39. **Vested Option** means an option in respect of which the relevant vesting conditions have been satisfied and the option grantee has become eligible to exercise the option.
- 10.1.40. **Vesting** means the process by which the employee is given the right to apply for shares of the Company against the option granted to him in pursuance of the Plan
- 10.1.41. **Vesting Conditions** means the conditions subject to which the option granted would vest in an option grantee
- 10.1.42. **Vesting Period** means the period during which the vesting of the option granted to the employee in pursuance of the Plan takes place
- 10.1.43. **Working Day** means the day on which recognized stock exchange is open for business.

The definitions as given above are for the purposes of interpretation of this Plan only and should not be used for any other purpose.

10.2. Interpretations

In this document, unless otherwise stated or intention appears:

- (a) The singular includes the plural and vice versa
- (b) The word person includes an individual, a firm, a body corporate or any other authority as per the context
- (c) Any word or expression importing the masculine or feminine genders shall be taken to include all these genders

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Company Secretary



- (d) In case of lack of clarity on an issue raised either by the Employee(s) or the Company, the interpretation of the Nomination and Remuneration Committee (or the Committee) shall be treated as final

10.3. Section headings

The section heading are for information only and shall not affect the construction of this document.

10.4. References

- 10.4.1. A reference to a clause or schedule is respectively a reference to a clause or schedule of this document. The Schedules, if any, to this document shall for all purposes form part of this document
- 10.4.2. Reference to any Act, Rules, Regulations, Statutes or Notifications/ Circulars/ Press Notes shall include any statutory modification, substitution or re-enactment thereof

11. Implementation

- 11.1. The Plan shall be implemented by the Committee under the policy and framework laid down by the Company and/or Board of Directors of the Company, in accordance with the authority delegated to the Committee in this regard from time to time and shall be subject to the amendments, modifications and alterations to the Plan made by the Company and/or Board of Directors in this connection
- 11.2. Upon the recommendation of the Nomination and Remuneration Committee-, the Board of Directors shall approve the application of the program year by year, based upon the development of the performance of the Company in terms of operating profits
- 11.3. The issuance of shares will be under the guidance, advice and direction of the Committee constituted under this Plan.

12. Effective date of the Plan and tenure of Grant

12.1. Effective dates

The Plan shall be deemed to have come into force from 05 July 2021 i.e the date on which terms of this Plan are approved by the Shareholders of the company in general meeting.

12.2. Termination

If any Stock Options granted under the Plan are terminated under the Clause 26 below of the plan, such options shall be available for re-grant under the Plan.

12.3. Tenure

The Plan 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 Plan have been issued and exercised, whichever is earlier.

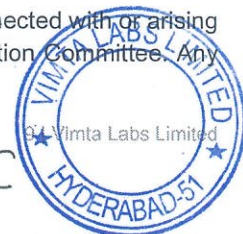
12.4. Administration of the Plan

The plan shall be administered by the Nomination & Remuneration Committee and will be in compliance with the terms of the Plan and Applicable law, as would be prevailing from time to time. These are in addition to other express powers and authorisations conferred by the plan to the Nomination & Remuneration Committee.

All decisions, determinations and interpretations with respect to, connected with, or arising out of or related the plan shall be with the Nomination & Remuneration Committee. Any

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such decisions shall be final, conclusive and binding upon all persons including the company, any participants, shareholders and any employees

12.5. Constitution of the Committee of the Board or the Compensation Committee

- a. Nomination & Remuneration Committee consists of such directors in accordance with section 178 of Companies Act 2013 for administration and superintendence, including formulating of terms and conditions of the Plan.
- b. All the decisions of the Nomination & Remuneration Committee shall be taken by simple majority. Any member of the Nomination & Remuneration Committee to whom any matters relating to the Plan relate to or who has an interest in such matters shall not vote on such matters.

12.6. Powers

The Committee shall have the power to formulate the detailed terms and conditions of the schemes which shall, *inter alia*, include the following provisions:

- 12.6.1. the quantum/maximum number of Options to be granted under an Employee Stock Option Plan per Employee and in aggregate under a scheme and the time at which such Grant will be made;
- 12.6.2. the choice of method and determination of the exercise price of options;
- 12.6.3. the Employees eligible for participation in the Plan in compliance with the Plan;
- 12.6.4. the choice of Employees to whom options may from time to time be granted hereunder against the eligibility criteria
- 12.6.5. the conditions under which Options may vest in employees and may lapse in case of termination of employment for misconduct;
- 12.6.6. the Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to Exercise the same within the Exercise Period;
- 12.6.7. the specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of an employee;
- 12.6.8. the right of an Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
- 12.6.9. Approve forms, writings and / or agreements for use in pursuance of this Plan;
- 12.6.10. Ensuring compliances with the guidelines applicable to ESOP Scheme;
- 12.6.11. the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of Corporate Actions. In this regard, the following shall, *inter alia*, be taken into consideration by the Committee:
 - (a) 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;
 - (b) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option holders;
- 12.6.12. the Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
- 12.6.13. the procedure for cashless Exercise of Options, if any
- 12.6.14. the right to determine the exercise price in line with SEBI ESOP Regulations.
- 12.6.15. to amend, alter, vary or modify any other terms of the ESOP plan, get them approved from Board and implement them

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Sujani Vasireddi
Company Secretary



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

- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
- SEBI (Prohibition of Insider Trading) Regulations, 2015; and
- Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 (as amended up to 6th September 2013)

by any employee.

The members of the Nomination & Remuneration Committee and their powers and functions can be specified, 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 Nomination & Remuneration Committee shall exercise certain powers only after consulting the Board of Directors of the Company, as the case may be.

12.7. Liability of Members of the Nomination and Remuneration Committee

No member of the Nomination & Remuneration Committee shall be personally liable for any decision or action made in good faith with respect to the Plan.

The Nomination & Remuneration Committee members or invitees shall, however, abstain from participating in and deciding matters that directly affect their individual ownership interests under the Plan.

13. Grant of Options

13.1. Grant Limits

- 13.1.1. The Committee may from time to time make Grants to one or more Employees, determined by it to be eligible for participation in the Plan in accordance with the provisions of Clause 22 of the Plan. Shares shall be deemed to have been issued under the Plan only to the extent actually issued and delivered pursuant to a Grant. The aggregate number of shares which may be issued under the Plan shall be subject to adjustment in the same manner as provided in this Plan with respect to shares of Common Stock subject to Options then outstanding.
- 13.1.2. The Managing Director may recommend to the Board and the Committee to grant any employee, other than himself/herself, who satisfies the conditions of the granting of the option right, the right of purchase of a number of shares under this program, except for the option right granted to the Managing Director himself/herself, which right shall be included in the powers of the Chairman of the Board of Directors
- 13.1.3. The Grant shall be in writing and shall specify the number of options granted, the price payable for exercising the options, the date/s on which some or all of the Options and the shares acquired under the Grant shall be eligible for vesting, on fulfillment of the vesting conditions, subject to which vesting shall take place and other terms and conditions thereto.
- 13.1.4. No amount shall be payable at the time of grant.
- 13.1.5. No employee shall be entitled to more than such number of options equal to or exceeding 1% of the issued capital of the Company at the time of grant of options.
- 13.1.6. The total number of options granted shall not, at any time, exceed 6,63,234 options (Six Lacs Sixty Three Thousand Two Hundred Thirty Four)

For VIMTA LABS LIMITED

Sujani Vasireddi
Sujani Vasireddi
Company Secretary



13.1.7. The option right that is abandoned, lapsed or expires without being exercised by the option right owner in accordance with this program shall not be taken into consideration upon calculation of the maximum provided for in the preceding paragraph.

13.2. Stock offered

The shares to be offered pursuant to a Grant shall be from the current fully paid up share capital of the Company or Common Stock previously issued and outstanding and reacquired by the Company

13.3. Structure of the Plan

The Company has set aside **663,234** options (**Six lacs sixty-three thousand two hundred Thirty-four only**) or **3% current fully paid up capital of the Company** from time to time as on the Grant Date for the purpose of this Plan. Each Option entitles the eligible employees to apply for and be allotted one equity share of Rs. 2 (Rupees two only) each fully paid-up on payment of the exercise price. The limit may be appropriately revised by the Board in case of any share split / bonus issue / merger or restructuring plan / or other corporate action necessitating the same subject to the provisions of Clause 25 of this Plan.

13.4. Grant Plan

All employees who are eligible as per Clause 21 of the Plan shall be granted options on the date they become eligible under the Plan. However, the Nomination & Remuneration Committee has the discretion, for reasons to be recorded in the minutes of that meeting, in granting options prior to the employees meeting all the eligibility criteria given in Clause 21.

There shall be a minimum period of one year between the Grant of Options and the Vesting of Option.

13.5. Grant Criteria

All eligible employees will be granted options by the Nomination & Remuneration Committee on the basis of some or all of the following criteria, basis the discretion of the Nomination & Remuneration Committee:

- Level and role of the Employee;
- Performance of the Employee;
- Tenure with the organization;
- Such other factors as the Committee may decide from time to time

14. Vesting of Options

14.1. Vesting plan

The minimum vesting period shall be at least 1 (one) year from the date of Grant.

[^] However, in accordance with SEBI Circular SEBI/HO/CFD/DCR2/CIR/P/2021/576 dated June 15, 2021, the provisions under the SBEB Regulations relating to minimum vesting period of one year shall not apply in case of death (for any reason) of an employee and in such instances all the options, SAR or any other benefit granted to such employee(s) shall vest with his/her legal heir or nominee on the date of death of the employee; and this relaxation shall be available to all such employees who have deceased on or after April 01, 2020.

Vesting of the options shall take place over three to seven years from the date of Grant.

For VIMTA LABS LIMITED

Sujani Vasireddi
Company



The Nomination & Remuneration Committee at the time of grant may specify certain criteria linked to the individual and/ or organisational performance or any other criteria as it may deem fit for all or a part of the Options the fulfilment of which might be a requisite for the options to vest.

Notwithstanding anything to the contrary in this plan, the Committee may be entitled to in its discretion, for reasons to be recorded in the minutes of that meeting, to vary or alter the Vesting Date from employee to employee or class there, as it may deem fit, subject to any changes in regulation or to protect employee or the Company's interest, provided that these changes are not prejudicial to the employee interest.

14.2. Exercise of unvested options

The Nomination & Remuneration Committee in its discretion, for reasons to be recorded in the minutes of that meeting, may vary the terms and conditions of exercise of unvested options as it may deem fit, subject to the minimum lock-in conditions applicable at that time but will not extend the vesting date and/or period as communicated to the employee in the initial grant.

14.3. Acceleration of vesting period

Subject to the provisions of the applicable law, the Nomination & Remuneration Committee may, at its discretion and on a case-by-case basis, for reasons to be recorded in the minutes of that meeting, provide for Accelerated Vesting. whereby, the date of Vesting is advanced to a date that is before the original Vesting date as specified in the Option Agreement, provided that in no event shall the Vesting period pursuant to such accelerated Vesting be shorter than one year from the date of grant.

15. Exercise of Options

15.1. Exercise plan

There shall be no lock-in after the options have vested. The Shares arising out of Exercise of Vested Options would not be subject to any lock-in-period after such Exercise, except as required by the then applicable law.

Employee can Exercise all the Options vested in him at one time or at various points of time within the Exercise Period.

The Board shall give the employees a reasonable advance notice of at least 30 days, prior to the opening of the Exercise Window to allow the employees to arrange for necessary liquidity to exercise the Options.

15.2. Exercise price/Grant price

The Exercise Price would be decided at the Committee's discretion in line with SEBI Regulations. The Exercise price shall not exceed the fair market value as on the Date of Grant and shall not be below the Face Value of the share.

Such exercise price will be intimated to the eligible employee at the time of Grant of Options to them.

Provided that, the Company may reprice the Options which are not exercised, whether or not they have been vested, if the ESOP Plan were to be rendered unattractive due to fall in the price of the Shares in the market.

However, the Company will ensure that such repricing will not be detrimental to the interest of the employees and the approval of the shareholders of the Company in general meeting has been obtained for such repricing.

For VIMTA LABS LIMITED

Sujani Vasireddi
Sujani Vasireddi
Company Secretary



15.3. Exercise period

The exercise period for the Options granted to an Employee shall commence from the Grant of Options. The Exercise period shall be decided by the Nomination & Remuneration Committee subject to a maximum period of 10 years (Ten) from the date of Grant of options.

The option right owner shall also have the right to defer the decision of exercise of the purchase right for both the periods to any time prior to the end of the exercise period, after which the options shall lapse.

15.4. Other aspects

Notwithstanding anything contained elsewhere in the Plan, the Committee and/or the Board may, if the Exercise of Options within the Exercise period, is prevented by any law or regulation in force, defer or refuse to permit the Exercise of Options till such time as it is prohibited by the applicable laws or regulations and in such an event, the Company shall not be liable to pay any compensation or similar payment to the Employee for any loss suffered due to such refusal

Provided further, that the Board shall have the power and be and is, hereby, authorized to cancel all or any of the Options granted under the Plan if so required under any law for the time being in force

16. Exit plan

16.1. Whilst in employment

16.1.1. The employee will be free to sell his Shares in the open market, subject to any holding restrictions by SEBI, if any, at the time of the then applicable law.

16.1.2. In event of a Strategic Sale, all Vested Options of the employee will be exited in the currency of the transaction (cash or equity swap, as the case may be). With respect to Unvested Options, they may be forfeited by the company.

16.2. Whilst not in employment

16.2.1. The ex-employees will be free to sell his Shares in the open market, subject to any holding restrictions by SEBI, if any, at the time of the then applicable law.

16.2.2. In event of a Strategic Sale, all Exercised Options of the ex-employee may be eligible for exit in the currency of the transaction (cash or equity swap) as for existing employees of the Company.

16.3. Drag along clause

In case the Promoters or the Promoter group are selling a majority of their stake to a third party, in this case the Promoters can cause the employees to mandatorily sell their exercised options to the third party

16.4. Tag along clause

In case the promoters sell majority shares of the company, employees with vested and exercised shares can participate in the sale at the same time for the same price as the promoters

17. Termination of employment

If a Grantee's employment (or other service) with the Company terminates:

- 17.1. For Cause ("Misconduct"), then all Options, vested (but not Exercised) or unvested, stand cancelled.

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



Cause shall mean, as determined by the Committee, which include but not limited to, (i) the engaging by the Employee in willful, reckless or grossly negligent misconduct or incompetence displayed or any other conduct in contravention of the provisions of the Code of Conduct of the Company, which is determined by the Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (ii) the Employee's pleading guilty to or conviction of a felony (iii) theft, sexual harassment, fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (iv) employment of the Employee in any other organization or provision of services by the Employee for any other organization while employed with the Company

- 17.2. Due to voluntary resignation on the part of the employee or termination without a cause, all the vested Options have to be exercised within notice period i.e. 1-2 months from the date of submitting their resignation, post which they will be considered forfeited. All unvested options -would be lapsed on the date of resignation by the employee.
- 17.3. On completion of his/ her employment (or other service) due to Retirement or superannuation, then the Grantee shall have right to Exercise the Options that have vested prior to separation from the Company. The employee must Exercise the vested Options within 3 (three) months in case of completion of the period of contract of his employment (or other service). All Unvested Options will stand cancelled as on the date of such Retirement, unless otherwise determined by the Committee whose decision will be final and binding.
- 17.4. In the event of abandonment by an employee, all Options, vested (but not Exercised) or unvested, stand cancelled with immediate effect.
- 17.5. For reasons other than those referred in Clause 18 or 19, the Committee will decide whether the vested options on the date of separation can be exercised by the employee or not, and such decision shall be final.

18. Death and Total & Permanent Disability

If a Grantee dies or becomes totally and permanently disabled while an employee of the Company, the granted Stock Options shall vest and can be exercised as below:

- 18.1. In the event of death of an Employee while in employment with the Company, all the Options granted to him/her till such date and lying unvested shall vest in the Beneficiary/ nominees of the deceased (subject to applicable regulatory guidelines) Employee immediately on that day. All the vested Options shall be permitted to be exercised within a period of 12 (twelve) months from the date of death of the Employee or the expiry of the Exercise Period, whichever is earlier. Any Vested Options not Exercised within this aforesaid period shall lapse, and the Shares covered by such Option shall again become available for issuance under the Plan.
- 18.2. In the event that the termination of an Employee's employment with the Company is as a result of total or permanent incapacity (i.e., incapacity to engage in work as a result of sickness, mental disability or otherwise or by reason of accident), all the Options granted to him till such date of permanent incapacitation and lying unvested, shall vest in him/her on that day subject to applicable regulatory guidelines. All the Vested Options shall be permitted to be exercised within a period of 12 (twelve) months from the date of total or permanent incapacitation or the expiry of the Exercise Period, whichever is earlier. Any Vested Options not Exercised within this aforesaid period shall lapse, and the Shares covered by such Option shall again become available for issuance under the Plan.

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



19. Non-Assignability

The Option shall not be transferable or assignable by the Employee, otherwise than by will or the laws of descent and distribution and the Option shall be exercisable, during the Employee's lifetime, only by him/her or, during periods of legal disability, by his/her legal representative/inheritor. No Option shall be subject to execution, attachment or similar process. The Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. If the Option right owner tries to transfer or abandon or dispose of the option right or the rights relating thereto whether voluntarily or obligatorily, the said right(s) shall expire immediately.

20. Rights of an employee in stock

20.1. Shareholder rights

Neither Employee, nor his successor in interest, shall have any of the rights of a shareholder of the Company with respect to the shares for which the Option is exercised until such shares are issued by the Company.

20.2. Change of Employment within Company

Except as may be otherwise provided in this Plan, the Option granted hereunder shall not be affected by any change of employment so long as the employee continues to be employed by the Company or a subsidiary of the Company.

20.3. Terms and conditions of Shares

All Shares acquired under the Plan will rank *pari passu* with all other Shares of the Company for the time being in issue. Dividend in respect of Shares allotted on Exercise of the Options shall be payable from the date of allotment.

21. Eligibility

21.1. A Stock Option Grant made pursuant to the Plan may be Granted only to an individual who, at the time of Grant

21.1.1. Is a permanent Employee of the Company working in India or out of India;

21.1.2. Is a Director of the Company

21.1.3. An Employee as defined in clause (10.1.15) of a subsidiary, in India or outside India, or a holding company of company.

21.2. The Committee however is authorized to change the eligibility criteria from time to time, subject to approval of the Board

21.3. Each Grant shall be evidenced by a written instrument duly executed by or on behalf of the Company.

21.4. Following individuals are not eligible:

21.4.1. An Employee who is a Promoter or belongs to the Promoter Group;

21.4.2. A Director who either by himself or through his relative(s) or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity Shares of the Company;

21.4.3. An Independent Director

The Nomination & Remuneration Committee will determine the specific employees or class of employees who will be eligible for award of stock options based on the performance criteria and such other criteria as may be decided.

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



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22. Appraisal of Eligible Employees

The appraisal process for determining the eligibility of the employee will be specified by the Committee, and may be based on criteria such as seniority of employee, length of service, past performance record, merit of the employee, future potential, contribution by the employee and/or such other criteria that may be determined by the Committee

23. Stock Option/Grants Agreement

23.1. Stock Option Agreement

Each Option shall be evidenced by an Agreement between the Company and the Grantee, which shall contain such terms, and conditions as may be approved by the Committee. Each Agreement shall specify the effect of termination of employment, total and permanent disability, retirement or death on the exercisability of the Option and such other terms and conditions as the Committee may deem necessary.

Under each Agreement, a Grantee shall have the right to appoint any individual or legal entity in writing as his nominee under the Plan in the event of his death / total and permanent disability (as per Clause 19). Such designation may be revoked in writing by the Grantee at any time during the time of employment and a new nominee may be appointed in writing on the form provided by the Committee for such purpose. Such nominee shall be the only legal representative recognized by the Company/ Committee as the inheritor of the Grantees options to the exclusion of all others.

The employee shall return the signed Option right agreement within two weeks to the Company to notify his/ her acceptance.

23.2. Limitations on Exercise of Option

Any option granted hereunder shall be exercisable at such time and under such conditions as determined by the Committee and as permissible under the terms of the Plan, which shall be specified in the Agreement evidencing the Option. An Option shall not, however, be exercised for fractional shares.

24. Change in Capital Structure or Corporate Action

- 24.1. Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Committee, at its discretion as to number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined in this Plan.
- 24.2. 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 authorize 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, and with respect to pricing of the shares (shares may be issued at par or at any price as may be decided by the Board of Directors or the Company which may be lower than the price at which stock option is / will be granted to the Employees, from time to time).
- 24.3. If there is a 'Change in the Capital Structure of the Company' before the Options granted under this Plan are exercised, the Employee shall be entitled on exercise of the Options, to such number of Resultant Shares to which he/she would have been entitled as if all the Options not exercised by him/her had been exercised by him/her before such 'Change in the Capital Structure' of the Company had taken place and the rights under the Options shall stand correspondingly adjusted.

For VIMTA LABS LIMITED

Sujani Vasireddi
Sujani Vasireddi
Company Secretary



24.4. The Shares in respect of which the Options are granted, are Shares as presently constituted. But if and when, 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:

- An increase in the number of Resultant Shares, be proportionately increased, and the Exercise Price, be proportionately reduced.
- 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.

24.5. In the event of 'Corporate Action', the Committee, at least seven days prior to any 'Corporate Action' or thirty days thereafter, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives:

- Provide that on any exercise of Options hereafter, the Employee shall be entitled to the Shares and / or Resultant Shares as if the Employee had been a Holder of the Shares on exercise of the Options.
- Make such adjustments to the Options outstanding to reflect the 'Corporate Action', as may be necessary,
- Require the mandatory surrender to the Company, by all or some of the Employees, of all or some of the outstanding Options, irrespective of whether, the Options, have vested or not, as on that date, and in such an event the Committee shall pay such Employees an amount in cash or otherwise, per Option, as the case may be, of the 'Change in Control Value' after deducting the balance Exercise Price payable, if any.

25. Amendment or Termination of Plan

The Board of Directors in its absolute discretion may from time to time amend, 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, to the extent possible, which would impair or prejudice the rights of the Employee without the consent of the concerned Employee.

The notice for passing a special resolution for variation of terms of the Plan shall disclose full details of the variation, the rationale therefore, and the details of the Employees who are beneficiaries of such variation.

Without prejudice to the above, the Board of Directors, may without any reference to or consent of the Employee concerned, amend the Plan or Grant or any Agreement to comply with any laws, regulations or guidelines, which is or may hereinafter, become applicable to this Plan.

26. Consequence of failure to Exercise Options

The amount payable by the Employee,:

- May be forfeited by the Company if the Option is not Exercised by the employee within the Exercise Period; or
- The amount maybe refunded to the Employee if the Options are not vested due to non-fulfilment of conditions relating to Vesting of Option as per the Plan.

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



27. Listing

The shares arising pursuant to the Vimta Labs ESOP 2021 shall be listed immediately upon exercise in any recognised stock exchange where the securities of the Company are listed subject to compliance with applicable law.

28. Others

28.1. No right to a Grant

Neither the adoption of the Plan nor any action of the Committee shall be deemed to give an Employee any right to be granted an Option to purchase Common Stock, to receive a Grant or to any other rights hereunder except as may be evidenced by an Option Agreement duly executed on behalf of the Company, and then only to the extent of and on the terms and conditions expressly set forth therein.

28.2. No Employment Rights Conferred

Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his or her employment at any time.

28.3. No Restriction of Corporate Action

Nothing contained in the Plan shall be construed to prevent the Company from taking any corporate action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any future Grant under the Plan. No Employee, beneficiary or other person shall have any claim against the Company as a result of such action.

28.4. Tax deduction at source

The Company shall have the right to deduct, in connection with all Grants, any taxes, if any, required by law to be deducted at source and to require any payments necessary to enable it to satisfy such obligations.

Upon giving not less than 21 days' notice to the employee to the amount of tax, the Company shall be empowered to sell such number of Shares as would be necessary to discharge the obligation in the respect of tax deduction at source and appropriate the proceeds thereof on behalf of the employee.

28.5. Confidentiality

The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Plan, Grant, the Option Agreement or any connected matter. Any violation may result in cancellation of Grant or compulsory retransfer of Shares to a nominee as the Committee may deem fit without prejudice to the other action which may be taken in this regard.

28.6. Insider Trading

The Employee shall ensure that there is no violation of:

- Insider Trading Regulations of the Country and/or the recognized stock exchange on which the shares of the Company are listed.
- Other applicable restrictions for prevention of Fraudulent and/or Unfair Trade Practices relating to the Securities Market.

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary



The Employee shall keep the Company, the Board and the Committee, fully indemnified in respect of any liability arising for violation of the above provisions.

28.7. New Plans

Nothing contained in the Plan shall be construed to prevent the company directly or through any trust settled by Company, from implementing any other new Employee Ownership Plan 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.

28.8. Issues

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

28.9. Information to Employees

Grantees under the Plan shall receive financial statements annually regarding the Company during the period the Options are outstanding.

28.10. Any outflow under ESOP scheme

Any outflow for the company on any account including but not limited to any tax, cess, duty or levy (including Perquisite Value Tax) etc., as applicable from time to time at present or in future due to/under this Plan shall be recoverable from the concerned employee.

28.11. Certificate from the Auditors

The Board shall, at each annual general meeting, place before the shareholders of the Company a certificate from the auditors of the Company that the Plan has been implemented in accordance with the Applicable Laws and in accordance with the resolution of the Company in the general meeting.

28.12. Governing Law

The Plan shall be construed in accordance with and subject to the laws of the Republic of India and other applicable laws outside India (in the case of employees posted abroad) . The shares issued pursuant to this Scheme shall be governed by the Corporate and Securities Laws of the India and in a case where the Shares are listed on a stock exchange in a country other than India, the laws of the country/stock exchange in which the Shares are listed shall also apply.

The courts at Hyderabad shall have the exclusive jurisdiction.

AS ADOPTED BY THE SHAREHOLDERS AS OF 05 July 2021

For VIMTA LABS LIMITED


Sujani Vasireddi
Company Secretary

