



## Employee Stock Option Scheme 2018

Dalmia Bharat Limited  
*(Formerly known as Odisha Cement Limited)*

**Dalmia Bharat Limited**  
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Dalmiapuram - 621651, District Tiruchirapalli, Tamil Nadu, India

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**1. Name, Objective and Term of the Plan**

- 1.1 This Employee Stock Option Plan shall be called the “DBL ESOP 2018”.
- 1.2 The objective of the DBL ESOP 2018 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain talent in the organization. The Company views employee stock options as instruments that would enable the Employees to share the value they create for the Company in the years to come.
- 1.3 The DBL ESOP 2018 is established with effect from October 30, 2018 in accordance with clause 9.5 of the Scheme of Arrangement and Amalgamation amongst Odisha Cement Limited (“ODCL” or “Company”), Dalmia Bharat Limited (“DBL”) and Dalmia Cement (Bharat) Limited (“DCBL”) and their respective shareholders and creditors 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 2011 of erstwhile Dalmia Bharat Limited 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 DBL ESOP 2018.

**2. Definitions and Interpretation**

**2.1 Definitions**

The terms defined in this DBL ESOP 2018 shall for the purposes of this DBL ESOP 2018, have the meanings herein specified and terms not defined in this DBL ESOP 2018 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 Requirement) Regulations, 2018 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 DBEL ESOP 2011 and DBL ESOP 2018.

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- ii. **“Applicable Law”** means the legal requirements relating to Employee Stock Options, including, without limitation, the Companies Act, 2013, SEBI Act, the SEBI Guidelines, Regulations 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 Dalmia Bharat Enterprises Limited.
- vi. **“Compensation Committee”** means a Committee constituted by the Board of Directors from time to time to administer DBL ESOP 2018.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“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.
- ix. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) a director of the Company, whether a whole time director or not; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of a subsidiary, in India or out of India, of the Company, but excludes
  - i. an employee who is a promoter or belongs to the promoter group;
  - ii. 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.
- x. **“Employee Stock Option” or “Option”** means the option granted to an Employee, which gives such Employee the right to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- xi. **“Exercise”** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the DBEL ESOP 2011, DBL ESOP 2018, in accordance with the procedure laid down by the company for exercise of options.

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- xii. **“Exercise Period”** means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the DBEL ESOP 2011 or DBL ESOP 2018.
- xiii. **“Exercise Price”** means the price payable by an Employee in order to exercise the Option granted to him in pursuance of the DBEL ESOP 2011 or DBL ESOP 2018.
- xiv. **“Grant”** means issue of Options to the Employees under the DBEL ESOP 2011 or DBL ESOP 2018.
- xv. **“Market Price”** means the price of an equity share of the Company on Recognized Stock Exchange.
- xvi. **“Option Grantee”** means an Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of the ESOP 2011.
- xvii. **“Parent company”** means any holding company of the Company.
- xviii. **“Permanent Incapacity”** means any disability of whatsoever nature be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Compensation Committee based on a certificate of a medical expert identified by such Committee.
- xix. **“Promoter”** means (a) the person or persons who 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). 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.
- 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”.
- xxi. **“Recognised Stock Exchange”** means the BSE, NSE or any other Stock Exchange in India on which the Company’s Shares are listed or to be listed.

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- xxii. **“Retirement”** means retirement as per the rules of the Company.
- xxiii. **“DBEL ESOP 2011”** means the Employee Stock Option Plan 2011 formulated by erstwhile Dalmia Bharat Limited under which the Company is authorised to grant Employee Stock Options to the Employees.
- xxiv. **“DBL ESOP 2018”** means the Employee Stock Option Plan 2018 formulated by the Company under which the Company is authorised to grant Employee Stock Options to the Employees.
- xxv. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxvi. **“SEBI Guidelines”** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and includes all regulations and clarifications issued there under.
- xxvii. **“SEBI Regulations”** means the Securities and Exchange Board of India Share based Employee Benefits) Regulations, 2014, as amended and includes all regulations and clarifications issued there under.
- xxviii. **“Shares”** means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the DBEL ESOP 2011 or DBL ESOP 2018.
- xxix. **“Subsidiary company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 2013.
- xxx. **“Vesting”** means earning by the Option Grantee, of the right to apply for Shares of the Company against the Employee Stock Options granted to him in pursuance of the DBEL ESOP 2011 or DBL ESOP 2018.
- xxxi. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the DBEL ESOP 2011 or DBL ESOP 2018 takes place.
- xxxii. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.

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xxxiii. “**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.

## **2.2 Interpretation**

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant 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 In accordance with the powers conferred by the shareholders of erstwhile Dalmia Bharat Limited in their meeting held on August 26, 2011, the Board of erstwhile Dalmia Bharat Limited in its meeting held on May 26, 2011 has adopted the Employee Stock Option Plan (ESOP 2011) and resolved to issue to employees under ESOP 2011, not more than 16,00,000 Employee Stock Options exercisable into equivalent number of Equity Shares in erstwhile Dalmia Bharat Limited of face value of Rs. 2 each fully paid-up, in one or more tranches, in accordance with the terms and conditions of such issue.
- 3.2 If an Employee Stock Option expires or becomes unexercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.3 Where Shares are issued consequent upon exercise of an Employee Stock Option under the DBEL ESOP 2011 or DBEL ESOP 2018, the maximum number of Shares that can be issued under both the Schemes as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.4 In case of a share split or consolidation, if the revised face value of the equity shares is less or more (as the case may be) than the current face value as prevailing on the date

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of adoption of this Scheme by the Board, the maximum number of shares available for being granted under DBEL ESOP 2011/DBL ESOP 2018 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such share split or consolidation remains unchanged after such share split or consolidation. Thus, for example, if the prevailing face value of each share is Rs. 2 per share and the revised face value after the share split is Rs. 1 per share, the total number of shares available under both the Schemes would be twice the maximum number of shares specified in the Scheme.

**4. Administration**

- 4.1** The DBL ESOP 2018 shall be administered by the Compensation Committee. All questions of interpretation of the DBL ESOP 2018 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 DBEL ESOP 2011, DBL ESOP 2018 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 DBEL ESOP 2011 per Employee, subject to the ceiling as specified in Para 3.1;
  - (b) The Eligibility Criteria;
  - (c) The Schedule for Vesting of Employee Stock Options;
  - (d) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
  - (e) 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 2011 remains the same before and after such corporate action;

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- (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.
- (f) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (g) The procedure for cashless exercise of Employee Stock Options, if required;
- (h) The procedure for administration of DBEL ESOP 2011 or DBL ESOP 2018, with or without the Trust;
- (i) Approve forms, writings and/or agreements for use in pursuance of the DBEL ESOP 2011 or DBL ESOP 2018;
- (j) Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (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, 1995, by any Employee; and
- (k) Frame any other byelaws, rules or procedures as it may deem fit for administering DBL ESOP 2018.

**5. Eligibility and Applicability**

- 5.1 Only Employees are eligible for being granted Employee Stock Options under DBEL ESOP 2011 or DBL ESOP 2018. 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, its subsidiary companies in India and any successor company thereof and may be granted to the Employees and Managing Director and Whole time director of the Company or its subsidiaries, as determined by the Compensation Committee on its own discretion.

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5.3 Unless otherwise provided by the Compensation Committee at the time 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.

5.4 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 of the terms of the DBEL ESOP 2011 and DBL ESOP 2018, as if the same were set out therein.

**6. Vesting Schedule and Vesting Conditions**

Options granted under DBEL ESOP 2011 /DBL ESOP 2018 would vest not less than one year and not more than five 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. In addition to this, the Compensation Committee may also specify certain performance parameters subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.

**7. Exercise**

a) The Compensation Committee shall grant options at either or combination of the following prices:

- Face Value of Shares as on date of grant; and/or
- Latest available closing market price prior to the date of grant of the shares of the Company on the exchange having the highest trading volume.

Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company, or in such other manner as the Compensation Committee may decide.

b) The Employee Stock Options granted shall be capable of being exercised within a period of three years from the date of Vesting of the respective Employee Stock Options.

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- c) In the event of the death of an Employee while in employment with the Company, all the Vested and Unvested Options may be exercised by the Option Grantee's nominee/legal heir immediately after, but in no event later than six months from the date of death.
- d) In the event of separation of an Employee from the Company due to the reason of permanent incapacity the Option Grantee may exercise his or her Vested as well as Unvested Options immediately after Permanent Incapacity but in no event later than six months from the date of separation from employment. In case of death of the employee after suffering from permanent incapacity, the Vested and the Unvested Options may be exercised by his or her nominee/legal heir immediately after, but in no event later than six months from the date of death.
- e) In the event of separation from employment for reasons of normal retirement or superannuation or a retirement specifically approved by the Company,
  - i. all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than six months from the date of such Option Grantee's retirement, and
  - ii. all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the Compensation Committee whose determination will be final and binding.
- f) In the event of resignation, all Unvested Options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee immediately but not later than one month from the date of resignation.
- g) In the event of abandonment of employment by an Option Grantee without the Company's consent, all Employee Stock Options granted to such employee, 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 an Employee and such decision shall be binding on all concerned.

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- h) In the event of termination of the employment of an Option Grantee due to misconduct including breach of policies of the Company or the terms of employment, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such breach shall stand terminated with effect from the date of such breach; the date of such breach shall be determined by the Compensation Committee, and its decision on this issue shall be binding and final.
- i) In the event of termination of the employment of an Option Grantee due to non-performance, all Unvested Options on the date of such termination shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee immediately but not later than one month from the date of resignation.
- j) Any other event not specified above: The Compensation Committee at its sole discretion would decide the treatment of vested and unvested options and such decision shall be final and binding.
- k) The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

**8. Other Terms and Conditions**

- 8.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company 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.
- 8.2 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, except that the entitlement to the number of options will be adjusted in terms of section 4.2(e). 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 Option holders of the Company.
- 8.3 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case the provisions of clause 7(c) or 7 (d) as the case may be, would apply.

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8.4 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, in which case provisions of clause 7(c) or clause 7 (d) would apply.

8.5 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**9. Taxation**

The Company shall have the right to deduct from the employee's salary, any of the employee's tax obligations arising in connection with the Employee Stock Option or the Shares acquired upon the exercise thereof. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations relating to Employee Stock Options, if any have been satisfied by the Option Grantee.

**10. Authority to vary terms**

Terms of DBEL ESOP 2011 / DBL ESOP 2018 can be varied by the Compensation Committee after getting approval for such modification from the shareholders of the Company in a general meeting. The modification should be in the interest of the employees.

The special resolution for the variation should disclose the details of the variation, the rationale thereof and details of the employees who are beneficiary of the same.

**11. Miscellaneous**

**11.1 Government Regulations**

This DBEL ESOP 2011/ DBL ESOP 2018 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOP 2011 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.

**11.2 Inability to obtain authority**

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

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- 11.3 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 of the Company, give such person any right entitlement or expectation to have an Employee Stock Option granted to 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.
- 11.4 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.
- 11.5 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 of the group for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.6 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.

**12. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of DBEL ESOP 2011 or DBL ESOP 2018 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 an Option Grantee to the Company in respect of DBEL ESOP 2011 or DBL ESOP 2018 shall be sent to the address mentioned below:

**Contact Person:**  
Ms. Madhuri Mehta

**Designation:**  
Dy Executive Director (HR)

**Address:**  
Dalmia Bharat Enterprises Limited, Hansalaya Building, 11th & 12th Floor, 15 Barakhamba Road, New Delhi 110 001, India.

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**13. Governing Law and Jurisdiction**

- 13.1 The terms and conditions of the DBEL ESOP 2011 or DBL ESOP 2018 shall be governed by and construed in accordance with the laws of India.
- 13.2 The Courts of Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of DBEL ESOP 2011 or DBL ESOP 2018.
- 13.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with DBEL ESOP 2011 or DBL ESOP 2018:
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

**14. Income Tax Rules**

The Income Tax Laws and Rules as in force will be applicable.