

**KRISHNA DEFENCE AND ALLIED INDUSTRIES LIMITED  
ESOP SCHEME 1****INDEX**

<b>Sr. No</b>	<b>Particulars</b>	<b>Page No.</b>
1.	Name, Objectives and Term of the Scheme	2
2.	Definitions and Interpretations	2 - 6
3.	Authority	6
4.	Administration	6-7
5.	Eligibility and Applicability	7-8
6.	Grant and Acceptance of Grant	8
7.	Vesting Schedule/ Conditions	8
8.	Exercise	8-9
9.	Lock-in	9
10.	Change in Capital Structure and Corporate Action	10
11.	Transferability of Options	10
12.	Deduction of Tax	10
13.	Authority to vary terms	11
14.	No Restriction on Corporate Action	11
15.	Accounting Policy and Disclosures	11
16.	Certificate from Auditors	11
17.	Miscellaneous	11-12
18.	Notices	12-13
19.	Income Tax Rules	13
20.	Confidentiality	13
21.	Governing Laws and jurisdiction	13
22.	Severability	13





## 1. Name, Objectives and Term of the Scheme

- 1.1 This Stock Option scheme shall be called the 'Krishna Defence and Allied Industries Limited Stock Option Scheme 1 ("ESOP 1" or "Scheme").
- 1.2 The objectives of ESOP 1 are to attract, reward and retain talented and key eligible Employees of the Company and align them with the Company's objectives. The Company views Stock Options as instruments that would enable the Employees to be co-owners and get a share in the value they would create in the Company and contribute to the Company goals in the years to come, thereby increasing the shareholders' value.
- 1.3 ESOP 1 is established with effect from 13<sup>th</sup> August, 2024 and shall continue to be in force until earlier of the following:
- (i) its termination by the Board/ Nomination and Remuneration Committee in due compliance with the provisions of Applicable Laws; or
  - (ii) the date on which all of the Stock Options available for Grant under the ESOP 1 have been granted, vested and exercised.

## 2. Definitions and Interpretations

In this Scheme, unless the context clearly indicates a contrary intention, the following words or expressions shall have the meaning assigned herein:

### 2.1 Definitions

- (i) **"Abandonment"** means absence of an Employee from work without a reasonable excuse for an unreasonable period of time without having communicated to the Company on such absence.
- (ii) **"Acceptance Form"** means the form that the Option Grantee has to submit indicating his/ her acceptance of the Grant made to him/her to participate in the Scheme.
- (iii) **"Applicable Laws"** means every law relating to Stock Options, to the extent applicable, including and without limitation to the Companies Act, Securities and Exchange Board of India Act, 1992, SEBI SBEB Regulations (as defined below), and all relevant tax, securities, exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction or of any Recognized Stock Exchange on which the Shares are listed or quoted.
- (iv) **"Board"** means the Board of Directors of the Company.
- (v) **"Cause"** means any of the acts or omissions by an Option Grantee in addition to any provisions prescribed in the Company Policies/ Terms of Employment amounting





to violation or breach of terms of employment determined as per procedures of the Company.

- (vi) **“Change in Capital Structure”** means a change in the capital structure of the Company as a result of re-classification of Shares, sub-division of Shares, issue of bonus Shares, conversion of Shares/ Debentures into other shares or securities of the Company and any other change in the rights or obligations in respect of Shares, issue of Shares on rights basis and any other form of Share issuance.
- (vii) **“Companies Act”** means the Companies Act, 2013 and rules made thereunder and includes any statutory modifications or re-enactments thereof.
- (viii) **“Company”** means Krishna Defence and Allied Industries Limited, a company incorporated under the provisions of the Companies Act, 1956 with CIN: L74900MH2013PLC248021 and having its Registered Office at 344, Floor-3, Plot-267, A To Z Industrial Estate, Ganapatrao Kadam Marg, Lower Parel, (W), Mumbai – 400013, India.
- (ix) **“Company Policies/ Terms of Employment”** mean the Company’s policies for Employees and the terms of employment as contained in the employment letter and the Company’s policies in force from time to time, which include but are not restricted to provisions for securing confidentiality and non-poaching of customers, as may be applicable.
- (x) **“Conversion Ratio”** means the ratio in which stock options will be converted into equity Shares. For the purpose of ESOP 1, each stock option shall be convertible into one fully paid-up equity share of the Company.
- (xi) **“Corporate Action”** means, any one or more of the following events:
- The merger, de-merger, spin-off, acquisition, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the Shares are converted into or exchanged for:
    - A different class of Securities of the Company; or
    - Any Securities of any other issuer; or
    - Cash; or
    - Other property.
  - The sale, lease or exchange of all or substantially all of the assets or undertaking of the Company;
  - The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up;
  - Rights issue and Bonus issue;
  - Split and consolidation of the share capital;
  - Acquisition (other than acquisition pursuant to any other sub-clause of this clause) by any company, person, entity or group of a Controlling Stake in the Company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the Company; and





- g) Any other event, which in the opinion of the Board has a material impact on the business of the Company.
- (xii) **“Director”** means a member of the Board of the Company.
- (xiii) **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Stock Options to the Employees.
- (xiv) **“Employee”** means
- (i) a permanent employee of the Company working in or out of India; or
  - (ii) a whole-time or executive Director of the Company including the managing Director,
  - (iii) an employee as defined in (i) & (ii) above of the Company including its subsidiary or associate Company, in India or Outside India or of a holding Company,  
but excludes:
    - a) an Independent Director;
    - b) Any such Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company; and
    - c) Promoters and persons belonging to Promoter Group.
- (xv) **“Exercise”** of an Option means expression of intention by an Employee to the Company to subscribe the Shares underlying the Options vested in him, in pursuance of the ESOP 1, in accordance with the procedure laid down by the Company for Exercise of such Options.
- (xvi) **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP 1.
- (xvii) **“Exercise Price”** means the price approved by Nomination and Remuneration Committee being payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP 1 subject to applicable laws.
- (xviii) **“Grant”** means issue of Options to the Employees under the ESOP 1.
- (xix) **“Grant Date”** means the date with effect from which Grant is approved by the Nomination and Remuneration Committee.
- (xx) **“Grant Letter” or “Award Letter” or “Grant” or “Award”** means the letter issued by the Company intimating the eligible Employee of the Options granted to him entitling to subscribe specified number of Shares on payment of Exercise Price subject to satisfaction of prescribed terms and conditions.





- (xxi) **“Nomination and Remuneration Committee”** means the Nomination and Remuneration Committee of the Board, as constituted or reconstituted from time to time under section 178 of the Companies Act, to administer and supervise the Scheme. The Nomination and Remuneration Committee shall be acting as the Compensation Committee for all purposes relating to the administration and implementation of this Scheme.
- (xxii) **“Independent Director”** means an Independent Director within the meaning of the Companies Act and/or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xxiii) **“Stock Option” or “Option” or “ESOP”** means an option granted and/or vested to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date, a unit of the stock /shares of the company at a predetermined price, which is the subject matter of the Grant issued to Option Grantee under the Scheme.
- (xxiv) **“ESOP 1”** means the Stock Option Scheme under which the Company is authorized to grant Stock Options to the Employees.
- (xxv) **“ESOP Grantee” or “Grantee”** means an Employee who has been granted a Stock Option in pursuance of the ESOP 1.
- (xxvi) **“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 based on a certificate of a medical expert and in accordance with Applicable law.
- (xxvii) **“Scheme”** means ESOP 1 as herein defined
- (xxviii) **“Promoter”** means the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (xxix) **“Promoter Group”** means the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Provided that where the Promoter or promoter group of the Company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of the Company.
- (xxx) **“Recognized Stock Exchange”** means the National Stock Exchange of India Limited, BSE Limited, or any other recognized stock exchange(s) on which the Shares are listed.
- (xxxi) **“Retirement”** means retirement as per the rules of the Company.





- (xxxii) **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and reenacted from time to time and includes any clarifications or circulars issued thereunder.
- (xxxiii) **“Shares”** means equity shares of the Company having face value of Rs. 10 each or such face value as issued from time to time and arising out of the Exercise of Stock Options granted under ESOP 1.
- (xxxiv) **“Valuation Method”** means the method of valuation of the stock options and the Intrinsic Value Method shall be the method adopted by the Company for valuation of stock options under ESOP 1.
- (xxxv) **“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.
- (xxxvi) **“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 subject to fulfilment of Exercise conditions.
- (xxxvii) **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP 1.
- (xxxviii) **“Vesting Condition”** means the condition prescribed if any subject to satisfaction of which the Options granted would vest in an Option Grantee.
- (xxxix) **“Vesting Period”** means the period during which the Vesting of the Option granted to the Employee, in pursuance of the ESOP 1 takes place.

## 2.2 Interpretation

In this Scheme, 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; and
- e. reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.





Words and expressions used and not defined here but defined in the SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

### 3. Authority and Ceiling

- 3.1 The shareholders of the Company, pursuant to a special resolution dated 13<sup>th</sup> August, 2024, have authorized the Nomination and Remuneration Committee to issue to the Employees, such number of Options under ESOP 1, in one or more tranches and on such terms and conditions, as may be determined by the Nomination and Remuneration Committee in accordance with the provisions of this Scheme and in due compliance with all other Applicable Laws. The Options to be granted from time to time and in aggregate shall be subject to availability of Shares reserved vide the aforesaid special resolution. The aggregate number of equity shares upon Exercise of all Options under this Scheme, shall not exceed 3,00,000 (Three Lakhs) equity shares of face value of Rs. 10, each fully paid up, of the Company.
- 3.2 The maximum number of Options that may be offered under the ESOP 1 per Employee and in aggregate whether in any one or more financial year(s), shall be less than 1% of the issued equity share capital (excluding outstanding warrants and conversions) of the Company at the time of the Grant of such Options. Subject to this ceiling, the Nomination and Remuneration Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to each Employee.
- 3.3 If an Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws.
- 3.4 Where Shares are issued consequent upon Exercise of Options, the maximum number of Shares that can be issued under ESOP 1 as referred to in Sub-clause 3.1 above will stand reduced to the extent of such Shares issued.

### 4. Administration

- 4.1 The ESOP 1 shall be administered by the Nomination and Remuneration Committee. All questions of interpretation of this ESOP 1 shall be determined by the Nomination and Remuneration Committee and such determination shall be final and binding upon all persons having an interest in this ESOP 1.
- 4.2 The Committee shall in accordance with this Plan and Applicable Laws determine the following:
  - a. The Eligibility Criteria of Employees;





- b. The quantum of Options to be granted under the ESOP 1 to the eligible Employees subject to the ceiling as specified in Sub-clauses 3.1, 3.2 and 3.3;
- c. The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of Corporate Actions as specified in Applicable Laws such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration:
  - i. the number and Exercise Price of Options shall be adjusted in a manner such that total value of the Options in the hands of the Option Grantee remains the same after such Corporate Action; and
  - ii. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.
- d. The procedure and detailed terms for the Grant, Vest and Exercise of Options in case of Option Grantees in general and in case of Option Grantees on long leave;
- e. Decide upon the right of an Employee to exercise all the Options vested in such Employee
- f. Decide upon the special exercise window upon an external liquidity event if any;
- g. Mode of payment of the Exercise Price (cheque, demand draft, or any other mode);
- h. The procedure for cashless Exercise of Options, if required and feasible;
- i. Approve forms, writings and/or agreements, if entered by the Company, for use in pursuance of the ESOP 1;
- j. Frame suitable policies and procedures to ensure that there is no violation of the Applicable Laws, as amended from time to time, including Securities and Exchange Board of India (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 or any statutory modification or re-enactment of these regulations by the Company, or any of the Employees, if and as applicable;
- k. the procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the company, in terms of the applicable laws and specify the method which the Company shall use to value its Options
- l. The Committee shall ensure that the shares allotted pursuant to the exercise of stock options are listed within the statutory time frame on the Recognised Stock Exchanges where the Company has its shares listed.





## 5. Eligibility and Applicability

5.1 Employees or categories of Employees as specified below subject to recommendation of the management of the Company and final determination by the Nomination and Remuneration Committee are eligible for being granted Stock Options under ESOP 1:

- (a) Permanent employees of the Company
- (b) Permanent employee of the Company's subsidiary or associate Company, in India or Outside India or of a holding Company (existing or future),
- (c) Director of the Company, whether a managing Director or not (excluding Independent Director and excluding any such Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company and excluding any Director who is Promoter or forming part of Promoter group); and

(d) Such other Employees as may from time to time be allowed under Applicable Laws, as may be decided by the Nomination and Remuneration Committee.

5.2 Subject to above, the Eligibility Criteria of Employees would be determined on the basis on one or more of the following parameters:

- (a) Tenure of the Employee;
- (b) Performance of the Employee;
- (c) The present and potential contribution of the Employee to the growth of the Company;

5.3 The ESOP 1 shall be applicable to the Company, and any successor company thereof.

5.4 The Options granted to an eligible Employee shall be subject to the terms and conditions set forth in this Scheme and the Grant Letter.

## 6. Grant and Acceptance of Grant

### 6.1 Grant of Options

Each Grant of Option under the ESOP 1 shall be made in writing by the Company to the eligible Employees in the form of Grant Letter or such other form as may be approved under ESOP 1 from time to time.

### 6.2 Acceptance of the Grant

- a) Grant of Options shall be evidenced by submission of Acceptance Form along with such enclosures, as the Nomination and Remuneration Committee shall from time to time





determine. Such Acceptance Form shall be deemed to incorporate all the terms of ESOP 1, as if the same were set out therein. In the event of inconsistency between the Acceptance Form and the ESOP 1, the ESOP 1 shall prevail.

- b) An Option Grantee who desires to accept the Grant of Options must communicate such acceptance in writing by delivering to the Company a copy of the Acceptance Form duly signed by the Option Grantee by the due date as specified in the Grant Letter being such a time period not exceeding 30 days from Grant Date.

## 7. Vesting Schedule/ Conditions

- 7.1 Options granted under ESOP 1 would vest after a period of minimum of **1 (ONE) year** but not later than maximum of **5 (FIVE) years** from the Grant Date of such Options.
- 7.2 Vesting of Options would be subject to continued employment with the Company provided the employee has not served any notice of resignation and/ or the attainment of specified performance objectives.
- 7.3 The Nomination & Remuneration Committee may also specify certain performance parameters, detailed terms and conditions relating to such performance based vesting, the proportion in which options granted would vest and/or lock in period subject to which the Options would vest.
- 7.4 The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of grant of Options.

## 8. Exercise

### 8.1 Exercise Price

The Exercise Price per Option shall be equal to the Market Price of the Shares on the Grant Date or at such discount to the Market Price as may be determined by the Nomination and Remuneration Committee subject to Applicable Laws or in accordance with share pricing guidelines issued by SEBI. However, in any case the Exercise Price shall not be less than the par value of the Shares of the Company.

- 8.2 The Aggregate Exercise Price shall be paid in full upon the exercise of the Vested Options. Payment must be made by one of the following methods:

- i. cheque, banker's cheque or demand draft;
- ii. remittance directly from the Participant's bank to the Company's bank account (electronic transfer);
- iii. by any combination of such methods of payment or any other method acceptable to the Board at its discretion.





## 8.3 Exercise Period

### a) While in employment/ service

The Exercise Period in respect of a Vested Options shall be maximum of **180 days** from the date of Vesting of such Options. The exact Exercise Period of Options in case of any Grant shall be determined by the Nomination and Remuneration Committee at the time of Grant and shall be specified in the Grant Letter.

### b) Exercise Period in case of separation from employment/ service

Vested Options can be exercised subject to treatment of Unvested Options as per provisions outlined herein below:

Sr.No	Separations	Vested Options	Unvested Options
1.	Resignation/ termination (other than due to Cause)	May be exercised by the Option Grantee within 07 working days of the last working day with the Company, or any further extension as granted by the NRC.	Shall stand cancelled with effect from that date.
2.	Termination due to Cause	Shall stand cancelled with effect from the date of such termination.	Shall stand cancelled with effect from the date of such termination.
3.	Retirement	May be exercised by the Option Grantee within 03 months from date of retirement.	Shall stand cancelled immediately from the date of such Retirement.
4.	Death	May be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than 03 months from the date of Death.	In the event of death of the employee while in employment, all the Options, granted under the Scheme to him/her till his/her death shall vest, with effect from the date of his/her death, in the legal heirs or nominees of the deceased employee, as the case may be but the same shall be exercised within 03 months from the date of death.*
5.	Permanent Incapacity	May be exercised by the Option Grantee or, if the Option Grantee is himself, unable to exercise due to such incapacity, the nominee or legal heir, immediately after, but in no event later than 03 months from the date of such incapacity.	In case the employee suffers a permanent incapacity while in employment, all the Options, granted to him/her under the Scheme as on the date of permanent incapacitation, shall vest in him/her on that day but the same shall be exercised within 03 months from the date of such incapacity.**

\*Company has altered the text vide Circular Resolution of the Nomination and Remuneration Committee dated 08.10.2024 and Circular Resolution of the Board of Directors dated 09.10.2024, to make it in line with SEBI (Share Based Employee Benefit and Sweat Equity), Regulations, 2021.

\*\*Company has altered the text vide Circular Resolution of the Nomination and Remuneration Committee dated 08.10.2024 and Circular Resolution of the Board of Directors dated 09.10.2024, to make it in line with SEBI (Share Based Employee Benefit and Sweat Equity), Regulations, 2021.

REGISTERED OFFICE: OFFICE NO. 344, A TO Z INDUSTRIAL ESTATE, LOWER PAREL (W), MUMBAI - 400013, MAHARASHTRA, INDIA.

TEL NO. +91 22 4220 3800-99(100 LINES) | FAX NO. +91 22 4220 3888

REGIONAL OFFICE: OFFICE NO. A-236, ATLANTIS K10, GENDA CIRCLE, VADODARA - 390 023, GUJARAT, INDIA. | TEL NO. +91 265 355528

PLANT I: 121/9 & 20, GIDC, KALOL - 389330, DISTRICT PANCHMAHALS, GUJARAT, INDIA. | TEL. NO. +91 2676 235452, 237145

PLANT II: 503A, GIDC, HALOL - 389350, DISTRICT PANCHMAHALS, GUJARAT, INDIA. | TEL. NO. +91 2676 225295

info@krishnaallied.com | www.krishnaallied.com | CIN NO. L74900MH2013PLC248021 | GST NO. 24AAFCK34301I ZQ



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6.	Other reasons apart from those mentioned above	The Nomination & Remuneration Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled.
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- c) The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

## 9. Lock-in

9.1 The Shares issued upon Exercise of shall be subject to No Lock-in Period. Provided however that the sale of Shares allotted on such Exercise shall not violate terms of code of conduct for prevention of insider trading of the Company, if any, read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended or such other period as may be stipulated from time to time in terms of such Code; as applicable.

## 10. Change in Capital Structure and Corporate Action

10.1 Except as hereinafter provided and subject to the principle stated at Sub-clause 4.2(c), any Grant made under this Scheme shall be subject to adjustment, by the Nomination and Remuneration Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Corporate Action' as defined in the Scheme.

10.2 If there is a 'Corporate Action' of the Company before the Options that are granted under this Scheme, are exercised, the ESOP Grantee shall be entitled on Exercise of the Options, to such number of Resultant Shares to which such ESOP Grantee would have been entitled as if all the then outstanding Options exercised by such ESOP Grantee, had been exercised before such 'Corporate Action' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a Corporate Action such as bonus issue, stock split, etc., the Nomination and Remuneration Committee, subject to the provisions of applicable laws to the Stock Options, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, Exercise Price, distribution of sums and make any other necessary amendments to the Scheme for this purpose with respect to all the Corporate Actions in the Company. The Vesting Period and life of the Options shall be left unaltered as far as possible.

**Explanation:** "Resultant Shares" for the purpose of this Clause means the shares or other securities issued in lieu of the Shares of the Company, due to any Change in Capital Structure or on any Corporate Action.

10.3 In the event of severance of employment of an Option Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options that have vested or unvested before such reconstitution/amalgamation / sell-off, shall be treated as per the adjustments to be made and recommended by the Nomination and Remuneration Committee at the time of such





action. Nomination and Remuneration Committee also has a power to decide for the treatment of the Options (whether vested or not) of the Option Grantees who continue in the employment of the Company after such action.

- 10.4 In the event of a dissolution or liquidation of the Company, any Vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled unless otherwise decided by the Nomination and Remuneration Committee.

## 11. Transferability of Options

- 11.1 The Options shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner except as expressly permitted under this Scheme.
- 11.2 The Options shall not be transferable to any person except as expressly permitted under this Scheme.
- 11.3 No person other than the Option Grantee to whom the Options are granted shall be entitled to exercise the Options except in the event of the death of the Option Grantee, in which case the Nomination and Remuneration Committee may permit the nominee or legal heir to exercise the Options on his behalf. If due to Permanent Disability, an Option Grantee is unable to exercise the Options, the Nomination and Remuneration Committee may permit the nominee of the disabled Option Grantee to exercise the Options on his behalf.

## 12. Deduction of Tax

- 12.1 The liability of paying taxes if any, in connection with Exercise of Options granted pursuant to this Scheme shall be entirely on the Option Grantee and shall be in accordance with the provisions of Income-tax Act, 1961 and the rules framed thereunder.
- 12.2 The Company shall have the right to recover from Option Grantee or deduct from the Option Grantee's salary, any of the Option Grantee's tax obligations arising in connection with the Shares allotted. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been fully satisfied by the Option Grantee.

## 13. Authority to vary terms

- 13.1 The Board on the recommendation of the Nomination and Remuneration Committee may from time to time amend, alter or terminate the Scheme or any Grant or the terms and conditions thereof, provided that no such amendment, alteration or termination of any Grant previously made may be carried out, which would impair or prejudice the rights of any Option Grantee. Provided further that the Board shall not amend or vary the terms of the Scheme which were specifically approved by the shareholders while approving the Scheme in any manner, without the approval of the shareholders.





## 14. No Restriction on Corporate Action

- 14.1 The existence of the Scheme and the Grants made hereunder shall not in any way affect the right or the power of the Board or the shareholders or the Company to make or authorize any 'Change in Capital Structure' including any issue of Shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof.
- 14.2 Nothing contained in the Scheme 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 Scheme or any Grant made thereunder. No ESOP Grantee or other person shall have any claim against the Company as a result of such action.

## 15. Accounting Policy and Disclosures

- 15.1 The Company shall follow the laws/regulations applicable to accounting related to Stock Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.
- 15.2 The Board shall also make the requisite disclosures of the Scheme, in the manner specified under the Applicable Laws.

## 16. Certificate from Auditors

- 16.1 As the equity shares of the Company are listed on Recognised Stock Exchange, the Board shall at each annual general meeting place before the shareholders a certificate from the secretarial auditors of the Company that the ESOP 1 has been implemented in accordance with the SEBI SBEB Regulations and in accordance with the resolution of the Company passed in the general meeting where ESOP 1 has been approved.

## 17. Miscellaneous

### 17.1 Rights as a shareholder

- a) 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 until the Option Grantee exercises the Options and becomes a registered holder of the Shares of the Company.
- b) 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 Sub-clause 4.2(c) and Clause 10 of this Scheme.





## 17.2 Beneficiary nomination

Each Option Grantee, under the Scheme may nominate, from time to time, any nominee to whom any benefit under the Scheme is to be delivered in case of death of that Option Grantee, before the Exercise of Vested Options. Each such nomination shall revoke all prior nominations by the same Option Grantee and shall be in a form prescribed by the Company and will be effective only when filed by the Option Grantee in writing with the Company during the Option Grantee's life time.

## 17.3 Government Regulations

This ESOP 1 shall be subject to all Applicable Laws including any statutory modification(s) or re-enactment(s) thereof, and approvals from government authorities, if any and to the extent required.

## 17.4 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.

## 17.5 General Risks

Participation in the ESOP 1 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone. The Option Grantee is encouraged to make considered judgment and seek adequate information /clarifications and professional advice essential for appropriate decision.

17.6 The Grant of 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 give such person any right or entitlement to have an Option granted to him in respect of any number of Shares or any expectation that an Option might be granted to him whether subject to any condition or at all.

17.7 Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an 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 Scheme by being granted an Option on any other occasion.

17.8 The rights granted to an Option Grantee upon the grant of an 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).

17.9 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 Option in whole or in part.





17.10 The Company will have the right to buy back all or part of the options under this scheme subject to approval at a price decided by the NRC, following within the SEBI guidelines.

17.11 In case of De-Listing of the Company, the appropriate price as decided by the NRC shall be paid to all the option holder by the Company for all the vested options, subject to the SEBI guidelines and applicable delisting laws.

## 18. 18. Notices

18.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of the ESOP 1 shall be in writing. The communications shall be made by the Company in any one or more of the following ways:

- i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; or
- ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
- iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

18.2 Any grievance or any other kind of communication to be given by an Option Grantee to the Company in respect of ESOP 1 shall be sent to the person at the address mentioned below:

Compliance Officer  
Krishna Defence and Allied Industries Limited  
Office No. A-236, Atlantis K10, Genda Circle,  
Vadodara – 390023, Gujarat India  
Email: cs@krishnaallied.com;  
Phone: 8780118699

## 19. Governing Laws and jurisdiction

19.1 The terms and conditions of the ESOP 1 shall be governed by and construed in accordance with the Applicable Laws of India.

19.2 The Courts in Mumbai, India shall have jurisdiction in respect of any and all matters, dispute or differences arising in relation to or out of this ESOP 1.

## 20. Income Tax Rules

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

## 21. Severability





21.1 In the event any one or more of the provisions contained in this ESOP 1 shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this ESOP 1, but this ESOP 1 shall be construed as if such invalid, illegal or unenforceable provision had never been set forth herein, and the ESOP 1 shall be carried out as nearly as possible according to its original terms and intent.

## 22. Confidentiality

22.1 Option Grantees must keep the details of the ESOP 1 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his/her peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates or any other person except disclosures to such authorities as required under law. In case Option Grantee is found in breach of this Confidentiality Clause, the Company shall have undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality Clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Nomination and Remuneration Committee will have the authority to deal with such cases as it may deem fit.

22.2 The Option Grantee agrees that the Company may be required to disclose information of the Option Grantee during the process of implementation of the Options or while availing services relating to Options consulting, advisory services or Options Management services and/ or any other such incidental services. The Option Grantee hereby accords his/her consent that such confidential information regarding his/her Options entitlements may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.

-----End of Scheme-----

*Certified to be True*

For Krishna Defence and Allied Industries Limited

**Gunjan Bhagtani**  
Company Secretary & Compliance Officer  
Membership No. A66343  
Date: 10.10.2024

