

## **CLARIFICATION ON THE NOTICE OF POSTAL BALLOT – AUGUST, 2025**

The Company has issued a Postal Ballot notice to shareholders on August 4, 2025 seeking approval on the ratification of various existing ESOP Schemes of the Company pursuant to Regulation 12 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (SEBI SBEB Regulations).

We have received queries from the shareholders/ investors especially on "Non-Disclosure of Exercise Price / Pricing Formula; Absolute Discretion to NRC", "Excessive benefit can be extended to an individual employee", and "Stock options can purely follow a time-based vesting schedule without performance conditions". The Company has issued a response to the queries as given below.

### ***First Query: Non-Disclosure of Exercise Price / Pricing Formula; Absolute Discretion to NRC***

*We wish to inform you that the provision in the ESOP schemes allows the Nomination and Remuneration Committee (NRC) to determine the Exercise Price at the Market Price or at a lower price (but not lower than the face value of the shares) subject to such Exercise Price conforming to the SEBI SBEB Regulations.*

*This flexibility is specifically permitted under Chapter III, Part A, Regulation 17 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI SBEB Regulations"), which provides that:*

*"The Company granting options to its employees pursuant to an ESOS shall be free to determine the exercise price subject to conforming to the accounting policies specified in regulation 15 of these regulations."*

*To summarise, the determination of the exercise price has been statutorily entrusted to the Nomination & Remuneration Committee, which is vested with the authority to fix such price at market value or at a lower price (but not lower than the face value of the shares), subject to strict conformity with the provisions of the SEBI SBEB Regulations.*

*Further, do note that the nomination and remuneration committee (NRC) (comprising independent directors) under the SEBI regulations are subject to rigorous governance standards. Therefore, while exercising any discretionary powers under the ESOP schemes, the NRC will consider various factors such as its impact on the employees, the financials of the company, and alignment with interests of the shareholders etc. A fixed exercise price under ESOP schemes would be counterintuitive to the objective behind introduction/ implementation of ESOP schemes.*

**Second Query: Excessive benefit can be extended to an individual employee**

*We wish to confirm that the schemes itself expressly restrict the quantum of options that may be granted to any individual employee or director. As per clause on "Eligible Employees" mentioned in the ESOP schemes stating that, no single employee/ director shall be granted options under this ESOS entitling such employee/ director to equity shares in the Company which would represent more than 1% (one percent) of the paid-up share capital of the Company as on the date of grant of options or 10% (ten percent) of the total number of options granted under this ESOS.*

*Further, we would like to clarify that no individual employee has been granted options exceeding 1% of the issued capital under any existing plan. In any case, for the grant of options to identified employees, during any one year, which equals to or exceeds one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of options, a separate shareholder approval is required as per Regulation 6(3)(d) of the SEBI SBEB Regulations. Therefore, we will obtain such shareholder approval if the grant exceeds as stated above.*

*This is in line with provisions of the Companies Act 2013 and SEBI SBEB Regulations.*

**Third Query: Stock options can purely follow a time-based vesting schedule without performance conditions.**

*We wish to inform you that while granting the options, the NRC considers the grade, performance, merit, future potential contribution, conduct of the employee and other relevant criteria. The NRC may grant options to such employees in tranches or as per separate plans after giving due consideration to what is stated above. Further, all the existing ESOP schemes have clause on MALUS/ CLAWBACK ARRANGEMENT stating that:*

*"The Grant, Vesting and Exercise of Options under this Employee Stock Option Scheme shall be subject to the Malus and Clawback provisions under the Company's Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Company to the Employees, or as per the revisions to the employment contracts/ terms and in accordance with the Reserve Bank of India's Scale Based Regulations, as may be amended, replaced, substituted, restated from time to time."*

*This confirms that the Stock options does not follow a time-based vesting schedule and are subject to performance conditions.*

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