

DABUR INDIA LIMITED

**EMPLOYEE STOCK OPTION
SCHEME**



The Scheme

Dabur India Ltd

Dabur Employee Stock Option Scheme

1. Purpose

The purpose of this Scheme is to:

- ◆ Attract and retain desired talent in the company, by offering substantial wealth creation opportunity for employees.
- ◆ Create a culture of enterprise and build very strong commitment amongst employees towards the company.
- ◆ Align employee objectives towards critical goals/milestones of the Company.

2. Definitions

The terms defined in this Section shall, for purposes of this Scheme, have the meanings herein specified.

Agreement means the Dabur Employee Stock Option Scheme Agreement executed between the Company and the participant, laying down the terms and conditions of the grant. The agreement is subject to the terms and conditions of the Scheme.

Scheme means the Dabur Employee Stock Option Scheme as set forth in this document and as hereafter amended from time to time .

Authorised Capital means the authorised capital of the Company.

Board means the Board of Directors of the Company

Cause means i) the commission of an act of fraud or embezzlement against the Company, ii) wilful misconduct or gross negligence detrimental to the Company, iii) wrongful use or dissemination of confidential or proprietary information, or iv) intentional or habitual neglect of duties to the Company.

Change in control means i) the acquisition of shares by any individual, entity or group of more than 50%, or such percentage of shares as will entitle them to control the management of the Company, of the then issued equity shares of the Company. Any acquisition, however, by the promoters of the Company or its subsidiaries/ affiliates shall not constitute a change in control ii) Approval by the Company's shareholders of a complete liquidation or dissolution of the Company.



Compensation Committee means a Committee of Directors of Company, consisting of majority of independent Directors constituted for the purpose, inter alia, of administering the Scheme in accordance with clause 17 of the Scheme.

Company means Dabur India Ltd., and any successor Company thereof.

Disability means physical condition wherein, in the opinion of the Compensation Committee, the participant is not able to discharge his duties.

Employee means persons (including whole time Directors) employed in fulltime employment by the Company, or any parent or subsidiary of the Company.

Employer means Company, its subsidiaries in India and abroad or any successor Company thereof.

Equity or Equity shares means equity shares of Company.

Exercise means conversion of options into equity shares.

Exercise Period means the time period after vesting during which the participant can exercise the options held by him.

Exercise Price means the consideration at which the shares may be purchased by the participant pursuant to an option.

Guidelines mean SEBI (Employee Stock Option and Employee Stock Purchase) guidelines, 1999, as amended from time to time.

Grant Size means the number of options granted to the participant.

Fair Market Value means the closing price of the stock of the Company as reported in a recognised stock exchange on the relevant date, or if no price is reported for such date, the next preceding day for which there is a reported price.

Promoter/Promoter Group means 'Promoters' as defined under the Companies Act, 1956.

Participant/Participant Employee(s) means all those employees and Directors who are eligible to participate in the Scheme as per the eligibility criteria

Retirement means, in case of employees retirement as per the superannuation rules of the Company and in case of directors retirement as per Companies Act, 1956.

Scheme means the Dabur Employee Stock Option Scheme as set forth in this document and hereafter amended from time to time.

Shares mean equity shares of Company.

Stock Option /Option means an option to purchase equity shares of the Company granted under the Dabur Employee Stock Option Scheme.



Vesting period means the period, from the date of grant of options till the date on which the employee is eligible to exercise the option.

Vested Options means all those options for which the period from the day of grant of the option to the day under consideration, is greater than the vesting period.

Unvested Options means all those options for which the period from the day of grant of the option to the day under consideration is less than the vesting period.

3. Scheme

3.1 The Scheme is to grant options to purchase equity shares of the Company to the participants as shall be determined by the Compensation Committee in its sole discretion. The participant shall have the option of accepting the offer in full or in part.

4. Applicability

4.1 The Scheme shall be applicable to the Company, holding company of the Company and the subsidiary companies of the Company in India and abroad and any successor Company thereof and may be granted to Employees and Directors as determined by the Compensation Committee in its sole discretion.

5. Scheme Details

5.1 The Scheme shall be an annual grant of options to permanent employees and Directors, excluding promoter Directors, of the Company.

6. Number of Shares

6.1 The total number of shares available for grant under all the Employee Stock Option Schemes shall not exceed 5% of the Authorised equity share capital of the Company, from time to time. The unvested options shall be counted against the authorised pool of shares.

7. Effective Date of the Scheme

7.1 The effective date of the Scheme is the date of its approval by the Board and is subject to the approval at the next meeting of the Shareholders of the Company or any adjournment thereof.



8. Terms Of Scheme

8.1 Frequency of Grant

- The options shall be granted to eligible participants from time to time, as decided by the Compensation Committee.

8.2 Grant Date

- To employees in employment the options shall be granted from time to time as decided by the Compensation Committee. The day on which the Compensation Committee meets to finalise the grant shall be the Grant Date.
- To new employees, options may be granted at the time of appointment. In such cases, the day on which the Compensation Committee decides the number of options to be offered to such new employee shall be the Grant Date.

8.3 Grant Size

- The Compensation Committee shall determine the number of options to be granted to each participant and the criteria to be applied for such determination.
- For deciding the number of options to be allocated to eligible participants, the Compensation Committee shall consider criteria such as level in the organisation, contribution to company's performance, potential, period of service, criticality of the individual, number of shares available, etc.
- The Compensation Committee shall have full discretion to lay down, change or modify the criteria, as they deem fit.

8.4. Vesting Period

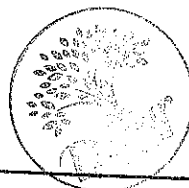
- The Compensation Committee shall decide the manner and period of vesting of options at the time of grant.
- The options shall vest over a period of time, not less than 12 months and not greater than 10 years from the date of grant.

8.5 Exercise Price

- The Compensation Committee shall determine the exercise price of each grant and the pricing formula to be applied for such determination.

8.6 Manner of Exercise

- At the time of exercise the participant may pay the exercise price in the approved form of payment and hold the shares.



RBS

8.7 Period of Exercise

- The option granted can be exercised at any time until completion of three years after vesting or thirteen years after grant, whichever is earlier. Any options remaining unexercised at the end of the exercise period shall lapse.

9. Form of Consideration

The participant can exercise the options by making payment in any one of the following forms:

- ♦ cash
- ♦ cheque
- ♦ draft
- ♦ wire transfer to the Company's bank account
- ♦ such other consideration and method of payment for the issuance of shares as may be permitted by applicable laws or
- ♦ any combination of the foregoing methods of payment

10. Exercise and Expiry of Options

10.1 Option may be exercised only by notice through written or electronic means, in the form prescribed by the Compensation Committee, specifying the number of options being exercised.

10.2 On Retirement: If employee retires from the Company, he shall exercise his vested options within the exercise period and all unvested options shall vest with the employee as per the vesting schedule and be exercised within the exercise period.

10.3 On Death: In the event of the death of employee while in employment, the vested options shall be transferred to the legal heirs or nominees indicated in the agreement and exercised within the exercise period. If, on his death, the employee is not vested as to his entire option, the shares covered by the unvested portion shall vest immediately and be transferred to the legal heirs or nominees indicated in the agreement and exercised at any time within the exercise period

10.4 On Disability: In case the employee suffers a disability while in employment, the vested options can be held by the employee and exercised within the exercise period. If, on the date of disability, the employee is not vested as to his entire option, the shares covered by the unvested portion shall vest immediately and may be exercised at any time within the exercise period.



10.5 On Compulsory layoff as part of divestiture/sell-off or otherwise: If the employee ceases to be in employment due to compulsory layoff as part of divestiture/sell or otherwise, the vested options shall be exercised compulsorily immediately before the layoff. If, on the date of layoff, the employee is not vested as to his entire option, the shares covered by the unvested portion shall vest and be exercised immediately. Options for which one year has not elapsed from the date of grant, shall vest on the first anniversary of the grant and be exercised on that date.

10.6 Voluntary/ In voluntary separation/ Termination due to cause: If an employee ceases to be in employment due to voluntary/ involuntary separation/ termination due to cause, the employee shall exercise the vested options immediately. If, on the date of separation, the employee is not vested as to his entire option, the shares covered by the unvested portion shall be forfeited and revert to the Scheme.

10.7 For the purpose of the Scheme, transfer of the employment of an employee between the Company and Parent / Subsidiary/ Associate Company shall not be deemed a termination of employment. In case of transfer to a Parent/Subsidiary/Associate Company, all options granted to the employee prior to the date of transfer shall vest as per the conditions outlined in para 8.4 of the Scheme and the employee may exercise the options as per the conditions outlined in para 8.7 of the Scheme.

11. Dabur Employee Stock Option Scheme Agreement

11.1 The Employees shall enter into an agreement with the Company at the time of grant of options. The grant will be governed by the terms and conditions listed in the Scheme and the Agreement.

12. Taxation

12.1 Prior to the delivery of any shares, the Company shall have the power and the right to deduct or withhold tax at source as required under the Income Tax Act, 1961.

12.2 All tax liability arising out of receipt of options, exercise of options and subsequent sale of shares shall be that of the participant alone.

13. Shares issued pursuant to exercise of Option

13.1 All shares issued pursuant to exercise of options shall rank pari passu with the then existing equity shares of the Company.

13.2 Shares issued pursuant to exercise or any bonus or rights shares accruing to the participant shall not be subject to any lock-in period.



14. Rights as a shareholder

14.1 The participant shall not have right to receive any dividend or to vote or in any manner enjoy the right or benefits of a shareholder in respect of option granted to him, till shares are issued on exercise of option.

15. Issue of Bonus/Rights shares

15.1 In the event of the Company issuing rights/bonus shares after grant but before exercise of option, the grant size and the exercise price of the options shall be accordingly adjusted by the Compensation Committee.

15.2 In case the original options have not vested fully with the participant, the adjusted options shall vest with the participant as per the normal schedule of vesting.

15.3 In case the original options have vested fully with the participant, the adjusted options shall also deemed to have been vested fully with the participant on the same date on which the original options have vested.

16. Administration

16.1 The Scheme shall be administered by the Compensation Committee.

16.2 The Compensation Committee shall have the full powers to administer the Scheme, prescribe or amend any rules and correct any defects in the Scheme.

16.3 The Compensation Committee shall take all decisions regarding the administration of the Scheme such as

- To determine the Participants to whom options may be granted hereunder.
- To determine the number of options to be granted to each participant.
- To determine the Date of Grant.
- To determine the exercise price and the vesting schedule.
- To approve forms of agreement for use under the Scheme.
- To make adjustments to the grant size and exercise price in the event of issue of bonus or rights shares.
- To authorise any person to execute documents on behalf of the committee, to maintain all such books of account, records and data as may be required to administer the Scheme.



- To formulate working rules and guidelines to facilitate smooth administration. These may, inter alia, cover issues such as
 - number of times in a year the options may be exercised
 - minimum number of options that be should be exercised at a time
 - provision of financial assistance to employees for exercising options etc

16.4 The Compensation Committee shall put appropriate systems in place to prevent the incidence of any insider trading.

16.5 The Compensation Committee shall frame suitable policies and systems to ensure that there is no violation by any participant of;

- i. Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and
- ii. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.

or any other laws, regulations or guidelines relating to employee shareholding.

16.6 The Compensation Committee shall obtain permission/s from and make periodic reporting to regulatory authorities and ensuring compliance with all guidelines applicable to the ESOS.

16.7 All disputes regarding the Scheme shall be referred to the Compensation Committee and the decision of the Compensation Committee shall be final, conclusive and binding on all persons.

17. Amendment and Termination

17.1 The Board of Directors may, in their sole discretion, amend, suspend or terminate the Scheme at any time.

17.2 In the event of such termination, the Compensation Committee shall prescribe the conditions governing the vesting and exercise of the outstanding options. Such conditions may not, however, be less beneficial to the participant or more restrictive than the conditions of the Scheme.

17.3 No amendment, alteration, suspension or termination of the Scheme shall impair the rights of any participant, unless mutually agreed upon otherwise between the Company and Participant in an agreement, in writing.



18. Change in Control

18.1 In the event of a change in control, all outstanding options shall become fully exercisable whether or not otherwise exercisable.

18.2 All the obligation of the Company under the Scheme, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and / or assets of the Company.

19. Reconstruction/Amalgamation of the Company.

19.1 In the event of Reconstruction/Amalgamation of the Company, the Compensation Committee shall ensure that the participants receive options in the new entity in the same proportion as the shareholders and the number of options and/or the exercise price shall be modified in a manner so as to ensure that the value of the new options is no less than the value of the options originally granted.

20. Miscellaneous

20.1 Nothing contained in the Scheme shall limit or restrict in any way the Company from making any award or payment to the employees and the Directors under any other Scheme.

20.2 Notwithstanding anything contained herein or in any Agreement to the contrary, the Company shall not be required to sell or issue Stock if the issuance thereof violates any provision of any law or regulation of any Government authority or SEBI or a Stock Exchange.

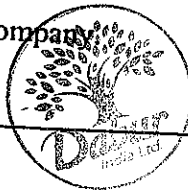
20.3 Participation in this Scheme shall not be construed as a guarantee of return on the options or the shares purchased in exercise thereof. The risks associated with investment in shares are that of the participants' alone.

20.4 Option granted to a participant shall not be transferable to any person except as laid down in para 10 of the Scheme. The option granted to the participant shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

20.5 Nothing in the Scheme shall interfere with or limit in any way the right of the Company to terminate any employee's employment or service at any time with or without cause. The rights and obligations of any individual, under the terms of his office or employment with the Company shall not be affected by his participation in this Scheme. For the purpose of the Scheme, transfer of the employment of an employee between the Company and Parent/ Subsidiary /Associate Company shall not be deemed a termination of employment.

20.6 This Scheme shall not confer on any person any legal or equitable right against the Company either directly or indirectly or give rise to any cause of action in law or equity against the Company.

20.7 This Scheme shall be purely at the discretion of the Company.



20.8 Each person who is and shall be a member of the Compensation Committee, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, motion, suit or proceedings which he is involved in, by way of the Scheme.

20.9 No Employee shall have the right to be selected to receive an option under the Scheme, or, having been so selected, to be selected to receive a future option.

21. Legal Constructions

21.1 **Gender and Number:** Except where indicated by the context, any masculine term used shall include the feminine and the singular shall include the plural or the vice versa.

21.2 Reference to shares shall include shares issued in book entry form as and when the Company issues shares in or converts existing shares to book entry form.

21.3 **Severability:** In the event any provision of the Scheme shall be held illegal or invalid for any reason, the legality or invalidity shall not affect the remaining parts of the Scheme, and the Scheme shall be construed and enforced as if the illegal or invalid provision had not been included.

21.4 **Requirements of Law:** The granting of and issuance of the stocks under the agreement shall be subject to all applicable laws, rules and regulations and to such approvals by any government agencies or SEBI as may be required.

