



KRN HEAT EMPLOYEES STOCK OPTION PLAN - 2026

Certified true copy

For KRN Heat Exchanger And Refrigeration Limited

Chairman And Managing Director



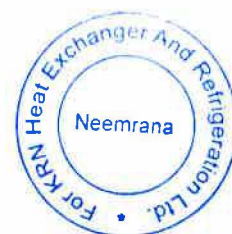
TABLE OF CONTENTS

1. <u>SHORT TITLE, PREAMBLE / OBJECTIVE</u>	3
2. <u>DEFINITIONS AND INTERPRETATION</u>	4
3. <u>AUTHORITY AND CEILING</u>	8
4. <u>ADMINISTRATION OF THE EMPLOYEE STOCK OPTION PLAN</u>	9
5. <u>ELIGIBILITY AND APPLICABILITY</u>	10
6. <u>VESTING SCHEDULE AND VESTING CONDITIONS</u>	10
7. <u>EXERCISE OF OPTIONS</u>	11
8. <u>OTHER TERMS AND CONDITIONS</u>	12
9. <u>TRANSFERABILITY OF OPTIONS AND EQUITY SHARES</u>	13
10. <u>LOCK IN PERIOD</u>	14
11. <u>TAXATION</u>	14
12. <u>CHANGES IN THE TERMS AND CONDITIONS OF THE ESOP:</u>	15
13. <u>CONFIDENTIALITY</u>	15
14. <u>DISPUTE RESOLUTION</u>	15
15. <u>GOVERNING LAW</u>	16
16. <u>NOTICES</u>	16



1. SHORT TITLE, PREAMBLE / OBJECTIVE

- 1.1 KRN Heat Employee Stock Option Plan 2026 shall be called the " ESOP Plan" under which the Company (as defined hereinafter) is authorized to grant Options (as defined hereinafter) to the Employees (as defined hereinafter), which expression shall include any alterations, amendments or modifications hereto from time to time.
- 1.2 The Plan is formulated in accordance with applicable laws, including the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("SEBI Regulations"), the Companies Act, 2013, and any amendments thereto.
- 1.3 This Scheme was formulated by the Nomination and Remuneration Committee (as defined hereinafter) and approved at its meeting held on January 12, 2026 ,by the Board of Directors at its meeting held on January 12, 2026, and by the shareholders of the Company vide a special resolution passed on April 15, 2026 with the object of granting, to such Eligible Persons, at the discretion of the Company, Options convertible to ESOP Shares of the Company as per the terms of this Plan.
- 1.4 The Company aims to provide competitive remuneration opportunities to its Employees. The Company believes that the presence of a long-term incentive plan and the resulting employee ownership can facilitate a performance driven culture, retain the key talent and contribute to the success of the Company. The Company views Options as long-term incentive instruments to enable the Employees to share the value they create for the Company in the years to come. Accordingly, the main objectives of the ESOP Plan are:
 - (a) to achieve sustained growth of the Company and create shareholder value by aligning the interests of the Employees with the long-term interests of the Company;
 - (b) to attract, incentivize and retain key talent and as well as to motivate the Employees to contribute to its growth and profitability;
 - (c) to recognize and reward the efforts of Employees and their continued association with the Company and its Subsidiary Company(ies).
 - (d) to promote the culture of Employee ownership, to enable the Employees to have greater involvement in the existing business plans of the Company, to secure the loyalty of the Company's most valuable resources and to provide them an opportunity to share in the future growth and profitability of the Company, which should lead to improved Employee engagement, motivation and retention.



2. DEFINITIONS AND INTERPRETATION

(a) Definitions

- (i) "Act" shall mean the Indian Companies Act, 2013 or any other statutory amendment or enactment thereof.
- (ii) "Applicable Laws" means every law, rule, regulation or bye-law relating to Employee Stock Options, including, without limitation, the Companies Act, SEBI Laws to the extent applicable including the SEBI SBEB & SE Regulations 2021, all relevant tax laws, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction or of any stock exchange on which the shares as defined hereinafter may be listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.
- (iii) "Board" means the Board of Directors of the company which includes any committee authorized by the board of Directors in this behalf, including the Nomination and Remuneration Committee.
- (iv) "Committee" means the Nomination and Remuneration Committee of the Board of Directors, constituted/reconstituted from time to time, in accordance with the Applicable Laws. The said committee is also termed as "Compensation Committee" for the purpose of this scheme.
- (v) "Change in Control" means sale of Shares held by shareholders of the Company, in one or more tranches, to any individual(s), entity(ies) or group(s) (other than to or between the current shareholders or their immediate relations), by more than 50 % (fifty percent) of the voting power in the Company, resulting in change in control over the affairs of the Company and in the constitution of the Board.
- (vi) "Company Policies/ Terms of Employment" mean the Company's policies for Employees and the terms of employment as contained in the 'employment letter' which includes provision for securing confidentiality, non-compete, and non-poaching of other Employee and any other relevant human resources policies.
- (vii) "Corporate Action" means a change in the capital structure of the Company as a result of re-classification of Shares, sub-division of Shares, consolidation, issue of bonus Shares, conversion of Shares 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 equity share issuance including merger, sale of division and others.
- (viii) "Cause" shall mean the occurrence of: The wilful misconduct or gross negligence in performance of duties, including refusal to comply in any material respect with the legal directives of the reporting authority and such refusal to comply is not remedied within



thirty (30) working days after receipt of written notice from the Company, which written notice shall state that failure to remedy such conduct may result in termination for Cause; or Dishonest or fraudulent conduct, a deliberate attempt to do an injury to the Company or the conviction of a felony; or Breach of the proprietary information and inventions assignment agreement entered into with the Company.

- (ix) "Eligible Employee" means an Employee who satisfies the Eligibility Criteria.
- (x) "Eligibility Criteria" means the criteria as may be determined from time to time by the Committee for granting the Employee Stock Options to the Employees including without limitation employee pay-band, loyalty, performance-linked parameters such as work performance, work experience, role and functions of the employee, Company performance, performance potential for future contribution, merit, conduct, business performance and such other parameters as may be decided by the Committee from time to time.
- (xi) "Employee" means
- (a) a permanent employee of the Company working in or outside India; or
 - (b) a Director of the Company, whether a whole-time director or not but excluding an independent director; or
 - (c) employees as mentioned in (a) and (b) above of a Subsidiary Company, in India or outside India, or Holding Company but shall not include: an employee who is a Promoter or a person belonging to the Promoter Group; and a Director who either by himself /herself or through his/her relatives or through anybody corporate, directly or indirectly, holds more than 10% of the issued and subscribed Shares of the Company.
- Provided that the Company shall take prior approval of the shareholders of the Company by way of a special resolution for Grant of Options to the Employees of the Subsidiary(ies).
- (xii) "Employee Stock Option" means a stock option granted under this scheme, comprising of a right but not an obligation to an Eligible Employee to apply for and be allotted / transferred Shares of the Company upon payment of the Exercise Price, subject to the requirements of vesting.
- (xiii) "Exercise" of Options means making of an application by a Grantee (as defined hereinafter) to the Company after the Vesting Date (as defined hereinafter), to subscribe to the Shares underlying the Vested Options (as defined hereinafter), as the case may be, in pursuance of the ESOP Plan, in accordance with the procedure laid down by the Company in this regard.
- (xiv) "Exercise Application" means the application form or the letter of Exercise as may be prescribed by the NRC, in which the Grantee has to apply to the Company, along with the payment of the Exercise Price and such other documents as may be prescribed pursuant to the provisions of the ESOP Plan, for Exercising the Vested Options. The payment towards



Exercise Price may also be made by way of demand draft, cheque, RTGS or NEFT or such mode of transfer to the account of the Company as may be permitted by the NRC.

- (xv) "Exercise Period" means such period commencing after Vesting within which Vested Options may be exercised by an Option Grantee in pursuance of the ESOP Plan.
- (xvi) "Exercise Price" means the price determined by the Committee as per provisions of this scheme and specified in the Grant Letter, being payable by an Eligible Employee in order to exercise the Option vested in him in pursuance of the ESOP Plan.
- (xvii) "Grant" means issue of Options, as the case may be, to the Employees under the ESOP Plan.
- (xviii) "Grant Date" means the date on which the Options are Granted to a Grantee by the NRC under the ESOP Plan, in accordance with Applicable Law.
- (xix) "Grant Letter" means the letter issued to the Employee who is identified for Granting of Options by the NRC from time to time and shall, mandatorily, contain the following details: (a) name of the Grantee; (b) number of Options being Granted; (c) the Date of Grant; (d) the Vesting Schedule with the respective Vesting Dates; (e) the Exercise Period; and (f) the Exercise Price of the each Option.
- (xx) "Grantee" means an Employee who has been Granted an Option in pursuance of the ESOP Plan.
- (xxi) "Group Company" in relation to the Company means a company falling in the "group" within the meaning of SEBI SBEB & SE Regulations.
- (xxii) "Holding Company" means any present or future holding company of the Company as defined in the Companies Act.
- (xxiii) "Independent Director" shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xxiv) "Listing" means listing of the Company's Share on any recognized Stock Exchange.
- (xxv) "Option" means an employee stock option which gives the Grantee a right, subject to Vesting, to subscribe at a future date (without any obligation to subscribe) and subject to the terms and conditions of the Plan during or within the Exercise Period.
- (xxvi) "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 NRC based on a certificate of a medical expert identified by the Board.
- (xxvii) "Promoter" shall have the meaning as assigned to the term under the SEBI ICDR Regulations (as defined hereinafter).



- (xxviii) "Promoter Group" shall have the meaning as assigned to the term under the SEBI ICDR Regulations (as defined hereinafter).
- (xxix) "Recognized Stock Exchange" means the BSE Limited, National Stock Exchange of India Limited or any other stock exchange in India on which the Company's Shares are listed.
- (xxx) "Retirement" means retirement of an Employee as per the rules of the Company.
- (xxxi) "SBEB & SE Regulations" means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (xxxii) "SEBI" means the Securities and Exchange Board of India.
- (xxxiii) "SEBI ICDR Regulations" means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (xxxiv) "SEBI Listing Regulations" means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xxxv) "Shares" means, the equity Shares of the Company with a nominal value of Rs. 10/- as on effective date of this scheme and shall refer to such nominal value of equity shares pursuant to any Corporate Action.
- (xxxvi) "Stock Exchange" means the BSE Ltd., National Stock Exchange of India Ltd. or any other recognised Stock Exchange in India on which the Company's Shares are listed.
- (xxxvii) "Subsidiary" means any present or future Subsidiary Company of the Company, as per the provisions of the Companies Act, 2013.
- (xxxviii) "Unvested Options" 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 .
- (xxxix) "Vesting Period" means the period, from the date of Grant of Options till the date on which the Optionee becomes eligible to Exercise the Options, however, not being less than one year.
- (xl) "Vested Options" means Options in respect of which the relevant Vesting Period is completed.
- (xli) "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.

Any term not defined above but defined in the Companies Act or the SBEB & SE Regulations shall have the meaning assigned to it under the Companies Act or the SBEB & SE Regulations, as the case may be.

(b) Interpretation

In this scheme, unless the contrary intention appears:



- terms referred to in this Plan, unless defined otherwise or unless inconsistent with the context or meaning thereof, shall bear the same meaning as defined under any relevant statute/ legislation;
- words importing persons or parties shall include firms and corporations and any organisations having legal capacity;
- words importing the singular include the plural and vice versa where the context so requires;
- reference to any law shall include such law as from time to time enacted, amended, consolidated, supplemented or re-enacted;
- reference to any gender includes a reference to all other genders;
- reference to the words “include” or “including” shall be construed without limitation;
- reference to recitals, clauses, annexures or schedules are, unless the context otherwise requires, the recitals to, clauses of or annexures to or schedules to this Scheme.
- reference to this Plan or any other agreement, deed or other instrument or document shall be construed as a reference to such agreement, deed or other instrument or document as the same may from time to time be amended, varied supplemented or novated;
- the headings and titles in this Plan are indicative only and shall not be deemed part thereof or be taken into consideration in the interpretation or construction hereof;
- reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment (whether before or after the date of this Plan) for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions;

3. **AUTHORITY AND CEILING**

3.1 In accordance with the powers conferred by the shareholders in their meeting held on April 15, 2026, the Committee have adopted the **KRN Heat Employee Stock Option Plan 2026 (“ESOP Plan”)**, and resolved to grant to the Eligible Employees under KRN Heat Employee Stock Option Plan 2026 (“ESOP Plan”), not exceeding **6,00,000** in one or more tranches, from time to time, exercisable into not exceeding 6,00,000 Shares, on such terms and conditions as may be decided by the Committee. Each Option shall confer a right upon the Eligible Employee to apply for one Share of the Company, in accordance with the terms and conditions of such issue.

Provided that if the number of Options that may be offered to an Eligible Employee, during any one year, shall be equal to or more than 1% (one percent) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of



Options, then the Company shall take prior approval from shareholders of the Company by way of a special resolution.

- 3.2 Where Shares are issued consequent upon Exercise of Options under ESOP PLAN, the Options as referred to in sub-clause- (a) above will stand reduced to the extent of such Shares issued.
- 3.3 Further, the maximum number of Options granted and the Shares arising upon Exercise of such Options shall stand adjusted in case of bonus shares, consolidation, split and re-organisation of capital structure.
- 3.4 Options not vested due to non-fulfilment of the stipulated conditions, Vested Options which the Eligible Employees have expressly refused to exercise and any Options granted but not vested or exercised within the stipulated time due to any reasons, shall lapse and these Options will be available for grant by the Committee to the Eligible Employee(s) as it may deem fit in its absolute discretion, under the ESOP-2026, subject to compliance of the provisions of Applicable Law. The terms relating to Exercise Price, Exercise Period, Vesting, etc. in respect of such lapsed Options to be granted, as aforesaid, will be determined by the Committee at the time of Grant as it may deem fit in its absolute discretion, subject to compliance with all Applicable Laws.

4. ADMINISTRATION OF THE EMPLOYEE STOCK OPTION PLAN

- 4.1 The ESOP Plan shall be administered and implemented through the Nomination and Remuneration Committee designated as Compensation Committee, in compliance with and for the purpose of the SBEB & SE Regulations as set out in this Scheme 2026. This scheme shall be directly implemented by the Company through the primary route by new issue of Shares.

Provided that in case circumstances so warrant, this scheme may be implemented through a trust route subject to obtaining of prior approval of the shareholders of the Company by way of a special resolution and subject to the condition that such change in the route of implementation shall not be prejudicial to the interests of the Employees.

- 4.2 The NRC shall frame suitable policies and systems to ensure that there is no violation of Applicable Law, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the SBEB & SE Regulations, and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and such other applicable regulation (s) as may be introduced from time to time.



- 4.3 The number of members of the NRC and their powers and functions can be specified, varied, altered, or modified from time to time by the Board of the Company, subject to the Applicable Law.
- 4.4 No member of the NRC shall be personally liable for any decision or action taken in good faith with respect to the ESOP Plan.

5. ELIGIBILITY AND APPLICABILITY

- 5.1 Only Employees (as defined in this scheme) are eligible for being granted Employee Stock Options under ESOP Plan. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Compensation Committee.
- 5.2 Subject to the Applicable Laws, the Scheme shall be applicable to the Employees of the Company, Group Company including Subsidiary Companies or Associate Companies in India and abroad or its Holding Company and any successor company thereof and Options may be granted to the eligible Employees of the Company, Group Company including Subsidiary Companies or Associate Companies or its Holding Companies, as determined by the Compensation Committee on its own discretion.

6. VESTING SCHEDULE AND VESTING CONDITIONS

- 6.1 The Options shall vest not earlier than the minimum Vesting Period of one year and not later than maximum Vesting Period of five years from the date of Grant. After the expiry of one year, the Vesting of Options shall take place subject to continued employment with the Company provided that the Option Grantee is not serving the notice period.
- Provided that** in case where Options are required to be granted by the Company under the Scheme I in lieu of options held by an employee under a similar scheme in another company ("Transferor Company") which has merged, demerged, arranged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by such employee shall be adjusted against the minimum Vesting Period as per Scheme I.
- 6.2 The Committee may specify certain performance parameters subject to which the Options would vest. Option may be granted to an Eligible Employee without any requirement of minimum continuous employment/services with the Company or any of its Group Companies including the Associate Companies and Subsidiary Companies before a Grant.



- 6.3 The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee.
- 6.4 The specific vesting 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 OF OPTIONS

7.1 Exercise Price:

(a) The Exercise Price shall be such price, as determined by the Compensation Committee from time to time, in accordance with the Applicable Laws and as evidenced in the Grant letter unless subsequently modified by the Compensation committee. The exercise price for any Grant shall not be less than 50% of the **closing share Price (i.e. closing Market Price) as on the date of Grant**. For the avoidance of doubt, note that the Exercise Price may be different for different set of employees for options granted on same/ different dates.

(b) Once granted, the Exercise Price of the Options may be varied by the Compensation Committee to account for any Rights issue, Mergers, stock splits, bonus issue or share consolidation etc.

(c) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn or by any electronic mode in favour of the company or in such other manner as the committee may decide from time to time.

7.2 Exercise Period: The Options Granted to a Grantee shall be capable of being Exercised within a maximum period of 3 (three) years from the Vesting Date of the respective Options or such other period as may be determined (and communicated to the Grantee) by the NRC from time to time subject to Applicable Laws. During the Exercise Period relating to each Vesting, the Vested Options can be Exercised in one or more tranches as determined by the NRC.

7.3 Exercise period in case of separations –

Sr.	Event	Consequences With Respect to Vested Options	Consequences With Respect to Unvested Options
1.	Termination of	Lapse immediately from the	Lapse immediately from the



	Employment for Cause*	date of termination with no further obligation of the Company.	date of termination with no further obligation of the Company.
2.	Termination of Employment without any Cause, in accordance with the terms of the employment agreement	May be exercised by the Option Grantee within the Exercise Period.	Lapse immediately from the date of termination with no further obligation of the Company.
3.	Resignation by Employee	May be exercised by the Option Grantee within the Exercise Period.	Lapse immediately from the date of resignation with no further obligation of the Company.
4.	Death or permanent disability	May be exercised by the Option Grantee or his legal heirs within the Exercise Period.	May be exercised by the Option Grantee or his legal heirs within the Exercise Period.
5.	Retirement	May be exercised by the Option Grantee within the Exercise Period.	May be exercised by the Option Grantee within the Exercise Period.
6.	Abandonment	All the Vested Options shall stand cancelled .	All Unvested Options shall stand cancelled .
7.	Any other event not specified above	The Compensation Committee at its sole discretion would decide the treatment of the Vested Options and such decision shall be final and binding.	The Compensation Committee at its sole discretion would decide the treatment of Unvested Options and such decision shall be final and binding.

7.4 An Option shall be deemed to be exercised when the Company receives: (i) written or electronic notice of Exercise (in accordance with the Grant Letter) from the person entitled to Exercise the Option, and (ii) full payment for the Shares with respect to which the Option is exercised. Full payment may consist of any consideration and method of payment authorized by the Nomination & Remuneration Committee and permitted by the Grant



Letter and the ESOP PLAN. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued.

8. OTHER TERMS AND CONDITIONS

- 8.1 **No right as a shareholder:** Nothing herein is intended to or shall give the 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 Equity Shares covered by the Grant unless the Grantee Exercises the Options (as the case may be) and becomes a registered holder of the Equity Shares. If the Company issues bonus or rights shares or any other securities to the then existing shareholders of the Company, the Grantee will not be eligible for the same in the capacity of a Grantee. However, an adjustment to the number of Options or the relevant exercise price or both would be made in accordance with the ESOP Plan and Applicable Law.
- 8.2 **Restructuring:** In the event of any change in the constitution of the Company namely change of control of the Company, re-structuring of the Company, including but not limited to, merger, de-merger, spinoff, reverse merger, subsidiarization etc. or amalgamation of any other entity with the Company, the NRC would have the authority to alter all or any of the terms relating to the Grant or the ESOP Plan in general and would also have the authority to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion in the best interests of the Employees and as permitted under Applicable Law, so as to ensure that "fair" and equitable benefits under the Grant are passed on to the Grantees. The NRC shall take appropriate actions, in accordance with Applicable Law, to endeavour that the total value of the Options remains the same after the aforesaid corporate actions and in this regard shall if necessary, arrange issuance of fresh Options/ shares of the Subsidiary Companies of the Company and/or resultant entities emerging due to such corporate actions.
- 8.3 **Compliance with Applicable Laws:** Notwithstanding anything contained elsewhere in the ESOP Plan, the Company or the Board or the NRC will not be obliged to issue any Equity Shares upon Exercise of the Options or otherwise unless the issuance and delivery of such Equity Shares complies, in the judgment of the Company, with all the relevant provisions of Applicable Law including but not limited to, any applicable securities laws and the requirements of any Recognized Stock Exchange(s). In such event, the Company shall not be liable to pay any compensation or similar payment to any Employee for any loss suffered due to such refusal/ deferral to permit Exercise.



- 8.4 **Surrender of Options:** An Employee may surrender their Options (Vested and unexercised and Unvested) at any time during their employment with the Company till the ESOP Plan remains in effect. Any Employee willing to surrender their Options shall communicate the same, in writing, to the NRC. Thereafter, the surrendered Options shall lapse or expire with effect from the date of surrender and the underlying Equity Shares shall become available for future Grant in the form of Options as provided under Clause 3.

9. TRANSFERABILITY OF OPTIONS AND EQUITY SHARES

- 9.1 The Options shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated or encumbered in any manner whatsoever. The Company shall not recognise any transfer, pledge, hypothecation, mortgage or other alienation or encumbrance undertaken in violation of this condition. Options shall not be transferable or assignable to any person except in the event of death of the Grantee, in accordance with this ESOP Plan.
- 9.2 There will be no restriction on transferability of the Equity Shares, which may be allotted to the Grantee upon Exercise of the Options Granted pursuant to this ESOP Plan, unless otherwise specified. However, Employees are required to always adhere to Applicable Law, Company Policies/ Term of Employment while dealing in the Equity Shares or exercising any rights there under. In particular, each Employee shall ensure that there is no violation of the provisions of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, or (b) other applicable restrictions for prevention of fraudulent and/or unfair trade practices relating to the securities market.

10. LOCK IN PERIOD

Equity Shares allotted upon the exercise of Options granted under this ESOP Plan shall be subject to a lock-in period of one (1) year, or such other period as may be determined by the NRC.

11. TAXATION

- 11.1 The benefits conferred in terms of the Scheme shall be taxable in the hands of the Employees, their legal heirs or nominees based on present and future provisions of the Income Tax Act, 1961 or any other statutory modification or re-enactment thereof (Income Tax Act) or as separately determined by the relevant Tax authorities from time to time including provisions relating to perquisite Tax. In accordance with the provisions of the Income Tax Act, the Company shall have the right to deduct at source (or cause the



subsidiary or holding company to deduct) any applicable Taxes from the salary income of the Employees.

- 11.2 The payment of Taxes in relation to the issuance of Options, Exercise of Options, allotment of Shares and/or any benefit that may accrue to an Employee under this Scheme shall be sole liability of the Employee, their legal heirs or nominees. In case the Company is unable to deduct the full amount of Taxes in connection with the Exercise, issuance or sale of Shares from the salary or any amounts due to the Employee, the Employee irrevocably agrees to pay all such amounts as notified by the Company of receipt of a notice from the Company intimating the Employee of such inability to deduct the full amount of Taxes and in any event prior to any Shares being allotted or sold to the Employee pursuant to the Exercise of the Vested Options.

12. CHANGES IN THE TERMS AND CONDITIONS OF THE ESOP:

The Company can at any time can be varied by the Compensation Committee after getting approval for such modification from the shareholders of the Company in a general meeting. However, any such modification should not be detrimental to the interest of the Option Grantees.

The special resolution for the variation should disclose the details of the variation, the rationale therefore and details of the employees who are beneficiary of the same. Post Listing, the Compensation Committee shall be entitled to vary the terms of the Scheme to meet any regulatory requirement without seeking shareholders' approval by special resolution.

13. CONFIDENTIALITY:

Employees shall keep the details of the Options Granted to them strictly confidential and shall not share with, or disclose the said details to, any other person. In case of non-adherence of the provisions of this Clause, the NRC will have the authority to deal with such cases as it may deem fit in its absolute discretion. Any decision as may be taken by the NRC in this regard will be final and binding on all concerned.

14. DISPUTE RESOLUTION:

In the event of any dispute, the same shall be referred to the Committee of the Company for resolving the same. Any decision by the Committee in this regard shall be final, conclusive and binding on the Employees.



15. GOVERNING LAW


- 15.1 This Plan and all agreements hereunder shall be governed by and construed in accordance with the Applicable Laws.
- 15.2 All amendments made from time to time to the Applicable Laws, insofar as they apply to this Plan, shall automatically form a part of this Plan. The NRC Committee is authorized to give effect to such amendments in the text of this Plan.
- 15.3 The Courts of Rajasthan, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP PLAN.

16. NOTICES

- 16.1 Any notice required to be given by an Optionee to the Company or any correspondence to be made between an Optionee and the Company may be given or made to the Company at the registered office of the Company in writing.
- 16.2 Any notice, required to be given by the Company to an Optionee or any correspondence to be made between the Company and an Optionee shall be given or made by the Company at the address provided by the Optionee in the acceptance letter.

Certified true copy

For KRN Heat Exchanger And Refrigeration Limited



Chairman And Managing Director

