



Cosmo Films
Share Based Employee Benefits Scheme,
2021
(Effective from 11th February, 2021)

1. Introduction

Cosmo Films Share Based Employee Benefits Scheme, 2021 (CF SBEB Scheme, 2021) is laid down in accordance with the approval of the shareholders vide resolutions dated 11th January, 2016 as amended vide resolutions dated 10th Feb 2021.

The Scheme comes into effect from 11th February, 2021 and supersedes Cosmo Films Employee Stock Plan 2015 (CF ESOP Plan 2015) except that Options already granted under CF ESOP Plan 2015 will continue to be governed in accordance with the said Plan.

The objective of the Scheme is intended to enable the Company in attracting, motivating, and retaining the employees by aligning their interest with those of the Company and its shareholders while in the employment of the Company and also post the cessation of such employment.

2. Definitions

In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meaning indicated there against.

- 2.1 “**Applicable Law**” means every law relating to share based employee benefits, including, without limitation to Companies Act, 2013, Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, listing agreement(s) entered with the stock exchange(s) where the shares of the Company are listed and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India or any other relevant jurisdiction. The Applicable Law includes all provisions of the Applicable Law, rules, regulations, notifications, circular(s) or any other similar form of directives issued by the competent authority under the relevant Applicable Law.
- 2.2 “**Board**” means the board of directors of the Company.
- 2.3 “**Committee**” means the HR, Nomination and Remuneration Committee of the Board as constituted by the Board from time to time *inter-alia* to administer and supervise the Scheme.
- 2.4 “**Company**” means Cosmo Films Limited, a company limited by shares, incorporated and registered under the Companies Act, 1956 having its Registered Office at 1008, DLF Tower-A, Jasola District Centre, New Delhi 110025 and shall include its Subsidiary Company(ies) as defined in clause 2.23.
- 2.5 “**Continuing Obligations**” mean the obligations which the Grantee is required to discharge in terms of his employment post the cessation of such employment including contract engagement, if any with the Company.
- 2.6 “**Eligibility Criteria**” means the criteria, as may be determined from time to time by

the Board / the Committee for granting the SBEBs under the Scheme.

2.7 **“Employee”** means-

- i) a permanent employee of the Company or its Subsidiary Company(ies) whether working in India or outside India; or
- ii) a director of the Company whether a whole time director or not but excluding an Independent Director;

but does not include:

- a) an employee who is the Promoter or a person belonging to the Promoter Group; or
- b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.

2.8 **“Exercise”** means making in accordance with the procedure laid down under this Scheme, an application by the Grantee to the Company to acquire the benefits corresponding to the SBEBs vested in him under the Scheme.

2.9 **“Exercise Period”** means the time period within which the Grantee may exercise the SBEBs vested in him under the Scheme.

2.10 **“Exercise Price”** means the price payable by the Grantee in order to exercise the SBEBs vested in him under the Scheme by way of Options or RSUs.

2.11 **“Grant”** means the issue of SBEBs to the Employees in accordance with the Scheme.

2.12 **“Grant Date”** means the date of meeting of the Committee in which the Grant of the SBEBs under the Scheme is determined.

2.13 **“Grantee”** means the Employee to whom the SBEBs are granted under the Scheme.

2.14 **“Grant Price”** means the price at which the SARs are granted.

2.15 **“Market Price”** means the average of the opening and closing price of the Shares on the Relevant Date on the recognized stock exchange on which the Shares are listed. If the Shares are listed on more than one stock exchanges, the prices on the stock exchange having higher trading volume shall be considered.

2.16 **“Option”** means a right, but not an obligation to acquire the Shares at a future date in accordance with the Scheme.

2.17 **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- 2.18 “**Promoter group**” shall have meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 provided where the promoter or promoter group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be the promoters of such company.
- 2.19 “**Relative**” shall have the meaning assigned to it under section 2(77) of the Companies Act, 2013 and related rules, including any statutory modification or re-enactment thereof.
- 2.20 “**Relevant Date**” means the date on which the SBEBs are exercised by the Grantee.
- 2.21 “**Restricted Stock Unit (RSU)**” means a right, but not an obligation to acquire the Shares at a future date subject to the fulfillment of the Vesting Conditions specified in the Grant letter in accordance with the Scheme.
- 2.22 “**SBEB**” means the Options, the RSUs, the SARs or other stock based instruments as may be permitted under SEBI Regulations.
- 2.23 “**SEBI Regulations**” means the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.
- 2.24 “**Scheme**” shall mean Cosmo Films Share Based Employee Benefits Scheme, 2021 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.
- 2.25 “**Share**” means an equity Share of the Company of the face value of Rs 10.
- 2.26 “**Shareholder**” means the registered holder of the Share.
- 2.27 “**Stock Appreciation Right (SAR)**” means the right to receive Shares equal to the increase in Market Value of Shares over the Grant Price at a future date subject to the fulfillment of the Vesting Conditions specified in the Grant letter in accordance with the Scheme.
- 2.28 “**Subsidiary Company**” shall have the same meaning assigned to it under section 2(87) of the Companies Act, 2013 and related rules, including any statutory modification or re-enactment thereof.
- 2.29 “**Trust**” means the trust set up by the Company for implementing the CF ESOP Plan 2015, CF SBEB Scheme 2021 or any other share based employee benefit scheme which may be introduced by the Company from time to time.
- 2.30 “**Unvested SBEB**” means the SBEBs in respect of which the specified Vesting Period has not been completed and/or the specified Vesting Conditions have not been fulfilled.

- 2.31 “**Vesting**” means the process by which the Grantee is vested with the right to Exercise the SBEBs in accordance with the Scheme.
- 2.32 “**Vesting Conditions**” mean the conditions precedent for vesting of any or all type of SBEBs and/or any or all the Grantees.
- 2.33 “**Vesting Date**” means the date from which the Grantee can use his right to Exercise the SBEBs vested in him in accordance with clause 8.
- 2.34 “**Vesting Period**” means the period during which the Vesting of the SBEBs will take place and such period shall not be less than one year from the Grant Date..
- 2.35 “**Vested SBEB**” means the SBEBs in respect of which the Grantee has been vested with the right to Exercise the SBEBs in accordance with the Scheme.

Interpretation:

In this document, unless the contrary intention appears:

- i) words in singular includes the plural and vice versa.
- ii) words importing a gender includes any other gender.
- iii) the clause headings are for ease of reference only and shall not be relevant to the interpretation.

3. SBEBs/Shares Pool

- 3.1 The maximum number of the SBEBs that may be granted under this Scheme shall not exceed 15,00,000 less the number of Options already granted under CF ESOP Plan 2015. Each SBEB shall confer in accordance with the Scheme:
- a) in the case of Options or RSUs, the right to acquire one Share per one SBEB and
 - b) in the case of SARs, the right to receive the increase in the Market Value of one Share over the Grant Price in cash or the Share of equivalent value per one SBEB

The SBEBs lapsed/ forfeited under this Scheme can be re-issued by the Committee at its discretion.

- 3.2 The maximum number of the SBEBs shall be adjusted in case of any bonus, stock splits or consolidation or other reorganisation of the capital structure of the Company from time to time.

4. Administration

- 4.1 The Scheme shall be administered by the Committee and shall be implemented through the Trust. All questions of interpretation of the Scheme shall be

determined by the Committee and such determination shall be final and binding upon all persons.

4.2 The Committee shall in accordance with the Scheme and Applicable Laws determine the terms and conditions of the Scheme including but not limited to

- i) the eligibility criteria for granting the SBEBs
- ii) the quantum of the SBEBs per Grantee and in aggregate;
- iii) the time period within which the SBEBs may vest
- iv) the conditions under which the SBEBs may vest
- v) the time period within which the Grantee may exercise the Vested SBEBs while continuing in the employment of the Company;
- vi) the procedure for Grant, Vesting and Exercise of the SBEBs
- vii) the conditions under which the Unvested or Vested SBEBs may lapse in the event of resignation, termination, retirement etc., of the Grantee;
- viii) the time period within which the Grantee may exercise the Vested SBEBs in the event of resignation, termination, retirement etc., of the Grantee;
- ix) the forfeiture of Unvested or Vested SBEBs in the event of breach of the Continuing Obligations and claw back of the accrued benefits
- x) the grant, vesting and exercise of the SBEBs in case of the Grantee being on long leave;
- xi) the right of Grantee to exercise all the Vested SBEBs in one or more lots within the Exercise Period;
- xii) the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of the SBEBs and to the Exercise Price or the Grant Price as the case may be in case of corporate actions such as rights issue, bonus issue, merger, sale of division and others.

In this regard, the Committee shall as far as possible ensure that:

- a) the number and price of the SBEBs is adjusted in a manner such that total value of the SBEBs to the Grantee remains the same;
- b) the Vesting Period and the life of the SBEBs is left unaltered;
- xiii) such other matter as the SEBI Regulations may prescribe from time to time.

4.3 The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board, subject to the rules and regulations as may be in force. The Board may further provide that the Committee shall exercise certain powers only after consultation with the Board and in such case the said powers shall be exercised accordingly.

4.4 No member of the Committee shall be personally liable for any decision or action taken in good faith with respect to the Scheme.

4.5 A member of the Committee shall abstain from participating in discussion and deciding on any matter relating to the Grant of the SBEBS to him.

5 Eligibility

5.1 The SBEBS under the Scheme shall be granted only to the Employees (as defined in clause 2.7).

5.2 The specific Employees to whom the SBEBS would be granted and the number of SBEBS to be granted to each such Employee would be determined by the Committee from time to time based on the Eligibility Criteria including but not limited to

- i) the position and responsibilities of the employee;
- ii) the nature and value of the employee's services and accomplishments;
- iii) the employee's present and potential contribution to the success of the Company;
- iv) the remaining period of the employee's service with the Company based on the normal retirement age prescribed in the Company's HR policy.

5.3 The Committee may in its absolute discretion vary or modify the criteria for selection of the employees for grant of the SBEBS under this Scheme.

5.4 The maximum number of SBEBS that may be granted to any Employee during any one-year shall not equal or exceed 1% of the issued capital of the Company on the Grant Date.

5.5 The Grant of SBEBS shall not confer any right on the Grantee to continue in the employment of the Company nor shall this affect in any way the right of the Company to terminate the employment of the Grantee in accordance with the terms of his employment.

6 Grant of SBEBS

6.1 The Grantee shall be informed of the SBEBS granted to him through the Grant letter in the form prescribed from time to time *interalia* specifying the Grant Date, number and type of the SBEBS granted, the Exercise Price or the Grant Price as the case may be, the Vesting Period, the Vesting Conditions and other terms and conditions of the Grant.

6.2 The Grant of the SBEBS to a Non- Executive Non- Independent Director shall be made in compliance of Regulation 17(6)(c) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

6.3 The Grant of SBEBS made under this Scheme is personal to the Grantee and cannot be transferred in any manner whatsoever.

7 Acceptance of Grant

7.1 A Grantee who wishes to accept the Grant made to him pursuant to Clause 6 hereof, shall deliver to the Company the copy of the Grant letter duly

accepted on or before the date specified in the Grant letter.

7.2 Any Grantee who fails to deliver his acceptance within the specified date shall be deemed to have declined the Grant and such Grant shall stand withdrawn forthwith.

7.3 The acceptance of the Grant shall conclude a contract between the Grantee and the Company subject to the terms and conditions of the Grant letter and the Scheme.

8 Vesting of SBEBs

8.1 SBEBs granted under the Scheme may vest in one or more lot on completion of the Vesting Period and the fulfillment of the Vesting Conditions as fixed by the Committee on case by case and specified in the Grant letter.

8.2 In the event of the Vesting Conditions not being fulfilled by the Grantee, SBEBs granted to him shall lapse.

9 Exercise Price/Grant Price

The Exercise Price or the Grant Price as the case may be, shall be fixed by the Committee on case by case and specified in the Grant letter. Such price shall not be lower than the face value of the Shares.

10 Exercise Period/Window

10.1 The Exercise Period will be fixed by the Committee on case by case and specified in the Grant letter. The Exercise Period shall not exceed 10 years from the Vesting Date.

10.2 The exercise of the Vested SBEBs shall take place only during the Exercise window which will open on a quarterly basis. The opening and closing date of the Exercise window will be notified to all the Grantees.

11 Cessation of Employment

11.1 In the event of the resignation or the termination of the Grantee from the employment of the Company (other than the cases of termination due to gross misconduct), Unvested SBEBs if any, shall lapse forthwith. However, the Grantee would be entitled to exercise all the Vested SBEBs only within next one Exercise window after the date of resignation or termination failing which all the SBEBs remaining unexercised shall lapse.

11.2 In the event of retirement of the Grantee on reaching the age of retirement as per the Company policy including any extension thereof by way of post retirement contract employment with the Company including the Subsidiary Company, Unvested SBEBs if any, shall lapse forthwith unless otherwise specified in the Grant letter. However, the Grantee would be entitled to exercise all the Vested

SBEs only within next four Exercise windows after the date of retirement or the Vesting Date whichever is later failing which all the Vested SBEs remaining unexercised shall lapse.

- 11.3 In the event of termination of employment due to the Grantee being found to be involved in fraud, misfeasance, gross negligence, and breach of trust or like events, all the Vested and Unvested SBEs shall be forfeited without any claim on or recourse to the Company.
- 11.4 In the event of the Grantee being found in breach of the Continuing Obligations, all the Vested and Unvested SBEs shall be forfeited without any claim on or recourse to the Company and the Grantee shall forthwith refund to the Company the gross monetary value of all the benefits derived by him from the Grants under the Scheme.
- 11.5 In the event of death of the Grantee while in the employment of the Company, all the SBEs granted to him but not vested up to the date of death would vest immediately in his nominee/ legal heirs. The nominee/ legal heirs of the said Grantee would be entitled to exercise all the Vested SBEs only within next four Exercise windows after the date of death failing which all the Vested SBEs remaining unexercised shall lapse.
- 11.6 In the event of permanent incapacitation of the Grantee while in the employment of the Company, all the SBEs granted to him but not vested up to the date of permanent incapacitation would vest immediately in him. The said Grantee would be entitled to exercise all the Vested SBEs only within next four Exercise windows after the date of permanent incapacitation failing which all the Vested SBEs remaining unexercised shall lapse.
- 11.7 In the event of the Grantee being on long leave (exceeding 90 days) granted by the Company, the vesting date of the SBEs shall stand extended by the period of leave in excess of 90 days.
- 11.8 In the case of resignation, retirement or termination (other than the cases of gross misconduct), the Committee may allow on case by case the Unvested SBEs, if any to vest within such period and to the extent it may deem fit in its absolute discretion.

12 Exercise Procedure

- 12.1 After Vesting, the SBEs can be exercised in the following manner:
 - a) in the case of exercise of the Options or RSUs, one or both of the following routes:
 - shares route—in this route, the Grantee will receive the Shares equivalent to the number of the Options or RSUs as the case may be, exercised in accordance with the terms and conditions of the Scheme after he has made the payment of the Exercise Price and the applicable income tax, if any.

- cashless route—in this route, the Grantee will receive the Shares equivalent to the number of the Options or RSUs as the case may be, exercised in accordance with the terms and conditions of the Scheme as reduced by the numbers of Shares sold to cover the Exercise Price and the applicable income tax, if any payable by the Grantee in respect of the said exercise.
- b) in the case of exercise of the SARs, the Grantee will receive the Shares as per the formula below on payment of the applicable income tax, if any.

$$\frac{(No. SARs exercised) \times (Market Price - Grant Price)}{Market Price}$$

12.2 A Grantee wishing to exercise his Vested SBEBs will submit to the Company an application in the form prescribed from time to time on or before the closing date of the Exercise window.

12.3 In the case of exercise of the Options or RSUs

- a) shares route - the Company shall inform the Grantee of the amount payable by him towards the Exercise Price and towards the applicable income tax, if any. The Grantee shall make the payment within two working days by way of demand draft/bank transfer as under:
- For the Exercise Price to the Trust
 - For applicable income tax, if any to the Company

On receipt of the payment as above, the Trust will deliver the relevant number of Shares in the de-mat account of the Grantee.

- b) cashless route - the Company will inform the Trust of the amount payable by the Grantee towards the Exercise Price and towards the applicable income tax, if any. The Trust will sell on behalf of the Grantee such number of the Shares as is required to cover the amount as aforesaid payable by the Grantee, pay the applicable income tax, if any to the Company and deliver the remaining number of shares into the de-mat account of the Grantee.

12.4 In the case of exercise of the SARs, the Company shall inform the Grantee the amount payable by him toward the applicable income tax, if any. The Grantee shall make the payment of applicable income tax, if any to the Company within two working days by way of demand draft/bank transfer.

On receipt of the payment as above, the Company will advise the Trust to deliver the relevant number of Shares in the de-mat account of the Grantee.

12.5 The Grantee may exercise his Vested SBEBs in one or more lots subject that each such lot shall not be for less than 1000 SBEBs or the total number of Vested SBEBs available with the Grantee, whichever is less.

12.6 Where the SBEBs are exercised by a nominee/legal heir of the deceased Grantee, the application for the exercise of the SBEBs shall be accompanied by the following additional documents:

a) In case the nominee is appointed

- Copy of the death certificate along with English version if in vernacular duly notarized
- Copy of ID proof of the nominee duly notarized
- Copy of PAN card of the nominee (self-attested).
- Copy of address proof of the nominee (self-attested)
- Such other documents as the Trust may require

b) In case nominee is not appointed

- Copy of the Succession Certificate/Probate of Will/Letter of Administration duly notarized
- No objection certificates from the other legal heirs duly notarized
- Copy of the death certificate duly along with English version if in vernacular duly notarized
- Copy of PAN card of the applicant(s) (self-attested).
- Copy of address proof of the applicant(s) (self-attested)
- Such other documents as the Trust may require

12.7 The Grantee shall not be entitled to any compensation or damages for not exercising or not being able to exercise any SBEBs in whole or in part.

12.8 For Exercise of the SBEB, the Grantee shall abide by the Insider Trading Code of Conduct of the Company as applicable from time to time.

13 Terms & Conditions of Shares

13.1 All taxes arising out of the Grant, Vesting and Exercise of the SBEBs and the sale of Shares in case of cashless route shall be borne by the Grantee unless otherwise specified in the Grant letter.

13.2 The Shares acquired by the Grantee pursuant to the Exercise of SBEBs shall not be subject to any lock-in period. However, while dealing in such Shares, the Grantee shall abide by the Insider Trading Code of Conduct of the Company as applicable from time to time.

13.3 Neither the Grantee, nor his successors in interest, shall have any of the rights of a shareholder of the Company with respect to the SBEBs granted to him, till the SBEBs are exercised and the Shares are transferred registered in his name in the records of the Company.

- 13.4 Any notice required to be given by the Grantee to the Company or any correspondence to be made by the Grantee with the Company shall be given or made to the Company Secretary of the Company at the Company's registered office
- 13.5 Any notice, required to be given by the Company to the Grantee or any correspondence to be made by the Company with the Grantee shall be given or made by the Company Secretary of the Company at the address provided by the Grantee while accepting the Grant of the SBEBs.
- 13.6 In the event of Corporate Action and/or any bonus, stock split or consolidation or other reorganization of the capital structure of the Company, the number of the Unvested/Vested SBEBs already granted and the Exercise Price or the Grant Price as the case may be, will be adjusted as determined by the Committee to protect, as far as possible, the value of the SBEBs to the Grantee.

14 Nomination

The Grantee may nominate, from time to time, any persons or persons as his successors in interest after his death. Each such nomination shall be in the form prescribed from time to time and will be effective only when acknowledged by the Company.

15 Non-transferability of SBEBs

The SBEBs under the Scheme cannot be assigned, alienated, pledged, attached, hypothecated, sold, or otherwise transferred or encumbered by the Grantee. Any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance shall be void and unenforceable against the Company.

16 Dispute or Disagreement

In the event of any dispute or disagreement as to the interpretation of the Scheme or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to the Scheme, the same shall be determined by the Committee and its determination shall be final and binding upon all persons.

17 Governing Law

- 17.1 The Scheme and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws. If any provisions of the Scheme is found to be contrary to the Applicable Laws, such provisions will be unenforceable without any claim on or recourse to the Company.
- 17.2 The Court at Delhi shall have exclusive jurisdiction on any matter arising out of this Scheme.

18 Modification of Scheme

The Committee may at any time and from time to time revoke, add to, alter,

amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee provided that no variation, alteration, addition or amendment to the Scheme can be made if it is detrimental to the interest of the Grantee unless required to comply with the Applicable Laws.

19 Term of the Scheme

Unless earlier terminated by the Company, the Scheme shall continue until all the SBEBs granted are exercised or lapsed. However, any termination of the Scheme by the Company shall not affect SBEBs already granted unless mutually agreed otherwise between the Grantee and the Company.

20 Winding Up of the Scheme

In case of winding up of the Scheme, the monies or Shares remaining with the Trust after meeting the obligations shall be disbursed as permitted under the SEBI Regulations.

21 Confidentiality

Notwithstanding anything contained in this Scheme, the Grantee shall not disclose the details of the Scheme and/or his SBEBs/Shares holding to any person except with the prior written permission of the Company or where required to do under the Applicable Laws or any statutes or regulations applicable to the Grantee.