Jain Irrigation Systems Limited

EMPLOYEES STOCK OPTIONS AND SHARES PLAN 2005

1 Introduction

This Plan shall be termed the Employees Stock Options and Shares Plan 2005 ('Plan'). The Plan of Jain Irrigation Systems Limited has been approved by the Special resolutions[1] passed on 30 September 2005 in the 18th Annual General meeting of the shareholders. The Plan shall be effective from 13-5-2006 herein after referred as the 'Effective date'[2].
This document sets out the terms and conditions of the Plan under which the Options are being Granted and Shares are being allotted to the Employees of the Group.

2 Purpose of the Plan

Jain Irrigation Systems Limited ('Company'), a company limited by shares, incorporated and registered under the Companies Act, 1956 having its registered office at Jain Plastic Park, N H No. 6, Bambhori, Jalgaon - 425 001, has structured this Plan for the Employees of the Company. Further, the Company has implemented this Plan, for and on behalf of and at the request of its Subsidiary(ies) for their Employees or directors. The purposes of this Plan are as under:

a) To encourage ownership of the Company by Employees and directors of the Group on an ongoing basis;

b) To motivate talent in the organisation with the view to achieve long term business goals;

c) To retain key talent in the organization;

d) To attract quality talent.

These purposes are sought to be achieved through the Grant of Options to the Employees to subscribe to Shares of the Company.

3 Definitions

In this Plan, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against. Further, unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.

3.1 "Applicable laws" shall mean laws of India to the extent applicable and as amended, modified and substituted from time to time. Accordingly, any actions taken hereunder shall be governed by and construed in accordance with the laws of India, without regard to the application of the conflicts of laws' provisions thereof.

3.2 "Acceptance form" shall mean the form that the Grantee has to submit indicating his

1 To comply with Clause 2(v) of the CG Guidelines and Clause 6.1 of the SEBI Guidelines
2 To comply with proviso to Clause 2 and Clause 6 of the CG Guidelines. Further, as per Clause 6 of the CG Guidelines, the Plan needs to be filed with the jurisdictional Chief Commissioner of Income tax within Six (6) months from the Effective date.

acceptance of the Grant made to him to participate in the Plan.

3.3 "Beneficiary" means the person, persons, trust or trusts designated by the Participant, or in the absence of any designation by the Participant, a person or persons who is/are entitled by the will of the Participant to receive the benefits specified in the Plan, the legal heirs of the Participant, if the Participant dies intestate and includes the Participant's executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination form in the Exercise of any powers conferred under the Plan or any other agreements forming part thereof.

3.4 "Board" means the Board of Directors of the Company.

3.5 "CG Guidelines" means Employee Stock Option Plan or Scheme Guidelines issued by the Central Government vide notification no. S.O. 1021(E) dated 11 October 2001 under the Income-tax Act, 1961 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.

3.6 "Committee"[3] means the Compensation Committee of the Board consisting of majority of Independent directors that has been constituted by the Board inter alia for administration and superintendence of this Plan pursuant to Clause 5 below.

3.7 "Closing date" means the last date on which the Grant of Options by the Company to a Grantee can be accepted. In case the last date is a non working day, then it shall be the immediately next working day.

3.8 "Company" shall mean Jain Irrigation Systems Limited, a company limited by shares, incorporated and registered under the Companies Act, 1956 having its registered office at Jain Plastic Park, N H No. 6, Bambhori, Jalgaon - 425 001.

3.9 "Corporate action"[4] shall have meaning as understood under the SEBI Guidelines.

3.10 "Employee"[5] means:

a. a permanent employee of the Company working in or out of India;

b. a director of the Company, whether whole time or not;

c. an employee as defined in sub-clauses (a) or (b) above of a Subsidiary, in India or out of India.

3.11 "Exercise"[6] means making of an application by the Participant to the Company for issue of Shares against the Vested Options with the Participant under this Plan on payment of the Exercise price.

3.12 "Exercise date" means the date on which the Participant Exercises his Vested Options and in case of partial Exercise, shall mean each date on which the Participant Exercises part of

[3] To comply with Clause 5.2 of the SEBI Guidelines.
[4] To comply with Clause 5.3(f) of the SEBI Guidelines
[5] To comply with Clause 2.1(1) of the SEBI Guidelines and Clause (i) of the explanation to the CG Guidelines.
[6] To comply with Clause 2.1(5) of the SEBI Guidelines and Clause (ii) of the explanation to the CG Guidelines

his Vested Options.

3.13 "Exercise period"[7] means a period of 7 (Seven) years from the Grant date within which the Vested Options can be Exercised.

3.14 "Exercise price"[8] means the purchase price of each Share payable by the Participant for exercising the Vested Option Granted to him under the Plan, in accordance with Clause 10 below.

3.15 "General meeting" means a general meeting (including an extraordinary general meeting) of the shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable laws.

3.16 "Grant"[9] means the process by which a Grantee is given an Option.

3.17 "Grant date" means the date on which the Options are Granted to a Grantee under the Plan.

3.18 "Grant letter" means the letter by which Grant of an Option is communicated to the Grantee.

3.19 "Grantee"[10] shall mean an Eligible Employee pursuant to Clause 4 below of the Plan, at the time of Grant of the Option who is declared by the Committee to be eligible to participate under the Plan.

3.20 "Group" shall mean the Company and includes its subsidiary or subsidiaries as per the Companies Act, 1956, in or outside India.

3.21 "Independent director"[11] means Directors (not whole time and who is neither a Promoter nor belonging to the Promoter group) who apart from receiving director's remuneration do not have any other material pecuniary relationship or transactions with the Company, its promoters, its management or its Subsidiary(ies), which in judgement of the Board may affect independent judgement of the director. Except in the case of Government companies, institutional directors on the Board are also considered as independent directors whether the institution is an investing institution or a lending institution.

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[7] To comply with Clause 2.1(6) of the SEBI Guidelines
[8] To comply with Clauses 2.1(7) and 8.1 of the SEBI Guidelines and Clause 2(iii) of the CG Guidelines
[9] To comply with Clause 2.1(8) of the SEBI Guidelines and Clause (iii) of the explanation to the CG Guidelines
[10] To comply with Clause 2.1(11) of the SEBI Guidelines
[11] To comply with Clause 2.1(9) of the SEBI Guidelines

3.22 "Market price"[12] shall have meaning as defined under the SEBI Guidelines.

3.23 "Option"[13] means a right, but not an obligation to acquire and be allotted a Share of the Company, at the Exercise price determined in accordance with Clause 10 below.

3.24 "Participant" means a Grantee who accepts the Grant from the Company to participate in the Plan pursuant to Clause 8 below.

3.25 "Promoter"[14] means:

a. the person or persons, who are in overall control of the Group ; or

b. the person or persons who are instrumental in the formation of the Group or programme pursuant to which the Shares were offered to the public; or

c. the person or persons named in the offer document as promoter(s).

Provided that the director or officer of the Group if he is acting as such only in his professional capacity will not be deemed to be a Promoter.

Explanation: Where a Promoter of the Group is a body corporate, the Promoter of that body corporate shall also be deemed to be a Promoter of the Group.

3.26 "Promoter group"[15] means:

a. a Relative of the Promoter; or

b. persons whose shareholding is aggregated for the purpose of disclosing in the offer document "shareholding of the promoter group".

3.27 "Plan"[16] shall mean the Employees Stock Options and Shares Plan 2005 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.

3.28 "Relative"[17] means an immediate relative namely spouse, parent, brother, sister or child of the person or the spouse.

3.29 "SEBI Guidelines" means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 issued by the Securities and Exchange Board of India under the Securities and Exchange Board of India Act, 1992 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.

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[12] To comply with Clause 2.1(10) of the SEBI Guidelines

[13] To comply with Clause 2.1(2A) of the SEBI Guidelines and Clauses 1(iv) & (iv) of the explanation to the CG Guidelines

[14] To comply with Clause 2.1(12) of the SEBI Guidelines and Clause (v) of the explanation to the CG Guidelines

[15] To comply with Clause 2.1(13) of the SEBI Guidelines and Clause (vi) of the explanation to the CG Guide- lines.

[16] To comply with Clause 2.1(3) of the SEBI Guidelines and Clause 1(iv) of the CG Guidelines

[17] To comply with Clause 2.1(13) of the SEBI Guidelines and Clause (vii) of the explanation to CG Guidelines

3.30 "Share"[18] means an equity Share of the Company of the face value of Rs. 10/- each.

3.31 "Shareholder" means the registered holder of a Share of the Company.

3.32 "Subsidiary" shall have meaning as understood under the Companies Act, 1956.

3.33 "Termination date" means the date of termination of employment of the Participant with the Group.

3.34 "Unvested Option" means an Option, which is not a Vested Option.

3.35 "Vesting"[19] means the process by which the Participant is given the right to apply for Shares of the Company against the Option Granted to him under the Plan.

3.36 "Vesting period"[20] means the period during which the Vesting of the Options Granted to the Participant under the Plan takes place.

3.37 "Vested Option" means an Option, which vests in pursuance to Clause 9 below with the Participant and thereby becomes exercisable.

3.38 "Vesting Date" means the date on and from which the Option vests with the Participant and thereby becomes exercisable.

3.39 Construction:

a. The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Articles/Clauses, which shall be interpreted solely in light of the contents thereof.

b. Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

c. Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.

d. The term 'including' shall mean 'including without limitation', unless otherwise specified.

e. Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

4 Eligibility

4.1 Subject to Clause 4.3 below, Employee(s) shall be entitled to participate in the Plan (the

[18] To comply with Clause 2.1(14) of the SEBI Guidelines and Clause (ix) of the explanation to the CG Guidelines

[19] To comply with Clause 2.1(15) of the SEBI Guidelines

[20] To comply with Clause 2.1(16) of the SEBI Guidelines

"Eligible Employee")[21]:

4.2 The Committee will decide (on the basis of the position and experience in the Group, performance or any other criteria, as the Committee determines) which Eligible Employees should be Granted Options under the Plan and accordingly, the Company would offer the Options to the identified Eligible Employees.

4.3 An Employee who:

1. is a Promoter; or
2. belongs to the Promoter group; or
3. is a director, who either by himself or through his Relative or through any body corporate, directly or indirectly, holds more than 10 (Ten) percent of the outstanding equity shares of the Company,

shall not be eligible to participate in the Plan.[22]

5 Administration of the Plan

The Plan shall be administered by the Committee[23], which may delegate its duties and powers in whole or in part, as it may determine. The Committee is authorised to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Plan. The Committee may correct any defect, omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Grantee and/or Participants and their beneficiaries or successors). Neither the Company, nor the Committee, nor the Group shall be liable for any action or determination made with respect to the Plan or any Option Granted thereunder. The Committee shall, inter alia, do the following:

a) Adopt rules and regulations for implementing the Plan from time to time;

b) To do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its absolute discretion deem necessary or desirable and pay fees and commission and incur expenses in relation to or for implementing the Plan;

c) Identify the Employees eligible to participate under the Plan;

d) Determine the quantum of Options to be Granted or Shares to be allotted under the Plan to a particular Employee or to a category or group of Employees and in the aggregate[24];

[21] To comply with Clause 4.1 of the SEBI Guidelines and Clauses 2(ii) & (iv) of the CG Guidelines
[22] To comply with Clauses 4.2 & 4.3 of the SEBI Guidelines and Clause 5 of the CG Guidelines
[23] To comply with Clause 5.1 of the SEBI Guidelines
[24] To comply with Clause 5.3(a) of the SEBI Guidelines

e) Determine the Exercise period within which the Participants should Exercise the Option and that the Option would lapse on failure to Exercise the Option within the Exercise period[25];

f) Determine the conditions under which the Options, Vested or Unvested in Participants may lapse in case of termination of employment for misconduct[26] (apart from what has been stated elsewhere herein);

g) Determine the specified time period within which the Participant shall Exercise the Vested Options in the event of termination or resignation of an Employee[27];

h) Determine the right of a Participant to Exercise all the Options vested in him at one time or at various points of time within the Exercise period[28];

i) Determine the Exercise price of the Options Granted;

j) Determine the procedure for cashless Exercise of Options[29];

k) Determine the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise price in case of Corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, following shall be taken into consideration by the Committee[30];

1. the number and the price of Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action;
2. for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
3. the Vesting period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option holders;

l) Determine the Grant, Vesting and Exercise of Options in case of Participants who are on long leave[31];

m) Approve forms or agreements for use under the Plan;

n) Construe and interpret the terms of the Plan, and the Options Granted pursuant to the Plan;

o) Frame suitable policy, procedure and system to comply with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, SEBI Guidelines, CG Guidelines and other Applicable laws to be followed by the Participants.[32]

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[25] To comply with Clause 5.3(c) of the SEBI Guidelines
[26] To comply with Clause 5.3(b) of the SEBI Guidelines
[27] To comply with Clause 5.3(d) of the SEBI Guidelines
[28] To comply with Clause 5.3(e) of the SEBI Guidelines
[29] To comply with Clause 5.3(h) of the SEBI Guidelines
[30] To comply with Clause 5.3(f) of the SEBI Guidelines
[31] To comply with Clause 5.3(g) of the SEBI Guidelines
[32] To comply with Clause 5.4 of the SEBI Guidelines

6 Shares Pool

6.1 Subject to Clause 16 below, the maximum number of Shares that may be issued pursuant to Exercise of Options Granted to the Participants under this Plan shall not exceed 30,71,200 (Thirty Lakhs Seventy One Thousand Two Hundred only) Shares of the Company[33].

6.2 Subject to Clause 16 below, out of the overall limit specified in Clause 6.1 above, maximum number of Shares that can be issued pursuant to Exercise of Options Granted to the Participants would be as under:

- not more than 25,71,200 (Twenty Five Lakhs Seventy One Thousand Two Hundred only) Shares to the Employees covered under Clauses 3.10 (a) or (b) above
- not more than 5,00,000 (Five Lakhs only) Shares to the Employees covered under Clause 3.10 (c) above

6.3 All Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are pending to be Granted or Shares pending to be allotted. The Company may Grant such Options within the overall limit as per Clauses 6.1 and 6.2 above.

7 Grant of Options

7.1 The Committee may Grant the Options to a Grantee who is an Employee of the Company in accordance with the terms and conditions of the Plan for the time being in force. Further, the Committee may, for and on behalf of and at the request of its Subsidiary(ies), grant Option to a Grantee who is an Employee of such Subsidiary(ies).

7.2 Each Option will entitle the Participant to one Share.

7.3 Subject to Clause 16 below, the maximum number of Options Granted to a Grantee under the Plan shall not exceed 5,00,000 (Five Lakhs only)[34] Options.

7.4 The Grant of the Options by the Committee to the Grantee shall be made in writing and communicated to the Grantee. Such a Grant shall state the number of Options Granted, the Exercise price and the Closing date of accepting the Grant.

7.5 The Closing date shall not be more than 60 (Sixty) days from the Grant date.

7.6 A Grant made under Clause 7.1 above, is personal to the Grantee and cannot be transferred or assigned in any manner whatsoever[35].

8 Method of acceptance

[33] To comply with Clause 5.3(a) of the SEBI Guidelines and Clause 2(i) of the CG Guidelines
[34] To comply with Clause 6.3(b) of the SEBI Guidelines and Clause 2(iv) of the CG Guidelines
[35] To comply with Clause 11.1 of the SEBI Guidelines

8.1 Any Grantee who wishes to accept the Grant made pursuant to Clause 7 above, must deliver an Acceptance form, prescribed by the Committee from time to time, duly completed as required therein to the Committee on or before the Closing date stated in the Grant letter.

8.2 Any Grantee who fails to return the Acceptance form on or before the Closing date shall, unless the Committee determines otherwise, be deemed to have rejected the Grant. Any Acceptance form received after the Closing date shall not be valid.

8.3 Upon receipt of a duly completed Acceptance form from the Grantee in respect of the Grant, the Grantee will become a Participant. The Committee may then issue to the Participant a statement, in such form as it deems appropriate, showing the number of Options to which the Participant is entitled pursuant to the acceptance of such Grant and the number of Shares for which the Participant will be entitled to subscribe pursuant to such Grant.

9 Vesting of Options

9.1 Subject to the terms contained herein, the acceptance made by the Participant in accordance with Clause 8 above, shall conclude a contract between the Participant and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.

9.2 Subject to Clauses 11.10, 12 and 16 below and continued employment of the Participant with the Company, the Unvested Options shall be eligible for Vesting with the Participant in accordance with the following schedule[36]:

Set I:

In case of all Unvested Options, where the Exercise price is as per Clause 10.1(a) below:

(a) One-third of the total Options Granted to the Participant – on the First anniversary of the Grant date;

(b) One-third of the total Options Granted to the Participant – on the Second anniversary of the Grant date;

(c) One-third (balance) of the total Options Granted to the Participant – on the Third anniversary of the Grant date.

Set II:

In case of all Unvested Options, where the Exercise price is as per Clause 10.1(b) below, 100% of the total Options Granted to the Participant – on the First anniversary of the Grant date.

9.3 All Options that are eligible for Vesting as per Clause 9.2 above, shall vest immediately, unless the Committee decides otherwise based on lack of acceptable performance. All Options that are eligible for Vesting as per Clause 9.2 above, which do not Vest as per this

[36] To comply with Clause 9.1 of the SEBI Guidelines

Clause, shall lapse immediately.

10 Exercise price[37]

10.1 Subject to Clauses 16 and 21 below, the Exercise price of the Vested Options shall be as under:

(a) Set I:

10% discount to the Market price.

(b) Set II:

25% discount to the Market price. However, Options cannot be Granted to the Grantee with this Exercise price after 180 days from the Effective date.

11 Exercise of Options

11.1 The Vested Options shall be exercisable according to the terms and conditions as determined and set forth under the Plan.

11.2 Subject to Clause 12.1 below, only the Participant can Exercise the Vested Option.[38]

11.3 Subject to Clause 9 above and Clause 12 below, the Participant can Exercise the Vested Options within the Exercise period by paying the Exercise price to the Company in cash (including payment through normal banking channels). Such Exercise may be of all the Vested Options or part of the Vested Options provided the Participant shall Exercise, subject to Clauses 11.4 and 12 below, only two times in a year (in August and February), unless the Committee decides otherwise.

11.4 Each Exercise shall not be less than 500 Vested Options or the balance holding, in case such balance holding is less than 500 Vested Options. Further, no fraction of a Vested Option shall be exercisable in its fractional form.

11.5 Vested Options shall be Exercised at the time and place designated by the Committee or the Company and by executing such documents as may be required under the Applicable laws to pass a valid title of the relevant Shares to the Participant, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.

11.6 A Vested Option shall be deemed to be Exercised only when the Committee receives notice of Exercise either written or in any other manner notified by the Committee / Company/ Board and the Exercise price (in accordance with the Plan) from the Participant.

11.7 On Exercise, the Participant can subscribe to the Shares on the full payment of the Exercise price and taxes, if any required to be deducted by the Company in respect of Exercise of the Option, and the Company shall allot the Shares to the Participants, or, if so requested in writing by the Participant, to the Participant jointly with another person, pro-

[37] To comply with Clauses 8.1 and 2.1 (7) of the SEBI Guidelines and Clause 2(iii) of the CG Guidelines
[38] To comply with Clause 11.2(a) of the SEBI Guidelines

vided the Committee/ Company finds the Exercise form complete and conditions of the Plan are complied with. Subsequent to such allotment, the Participant can sell the Shares so acquired only in accordance with suitable policies/ rules/ procedures framed by the Company/ Committee as required by SEBI.

11.8 The Committee shall endeavor to ensure that the process of allotment of Shares to the Participant who has validly Exercised his Vested Options is completed within six months of the receipt of a valid Exercise form.

11.9 Notwithstanding anything else contained in this Plan, if the Participant does not Exercise his Vested Options within the time specified in Clause 11.3 above and Clause 12 below, the Options shall automatically lapse.[39]

11.10 No Participant can Exercise, unless the Committee decides otherwise, if the Participant carry on or engage directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise any business which competes directly or indirectly with the whole or any part of the business of or any other business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Committee in this regard shall be final and conclusive and cannot be called in question by the Participant. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Participant.

11.11 The Company may, at its discretion, permit cashless Exercise of Vested Options, subject to Applicable laws, if so desired by the Participant in writing, where the expected proceeds from the sale of the Shares is higher than the Exercise price. [40]

12 Termination of employment

12.1 On death of a Participant[41]

In the event of death of a Participant while in employment with the Group, all the Options Granted to him till the date of death and lying Unvested shall Vest in the Beneficiary of the deceased Participant on that day. All the Vested Options shall be permitted to be Exercised during the Exercise period and for this purpose, the Exercise period, where it has not already commenced, shall be deemed to have commenced on such day of death. Any Vested Options not Exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period.

12.2 On disability / permanent incapacity of a Participant [42]

In the event of the termination of a Participant's employment with the Group as a result of total or permanent incapacity (i.e. incapacity to engage in work as a result of sickness, mental disability or otherwise or by reason of accident), all the Options Granted to him till such date of permanent incapacitation and lying Unvested, shall Vest in him on that day subject to Clause 11.10 above. All the Vested Options shall be permitted to be Exercised

[39] To comply with Clause 10.1(a) of the SEBI Guidelines
[40] To comply with Clauses 5.3(h) and 11.2 (b) of the SEBI Guidelines
[41] To comply with Clause 11.4 of the SEBI Guidelines
[42] To comply with Clause 11.5 of the SEBI Guidelines

during the Exercise period and for this purpose, the Exercise period, where it has not already commenced, shall be deemed to have commenced on such day. Any Vested Options not Exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period.

12.3 On Attainment of Superannuation age

In case, employment of a Participant with the Group is terminated due to retirement on attaining superannuation age, then all the Unvested Options Granted to him shall Vest in him on such day or one year from the Grant date, whichever is later[43], subject to Clause 11.10 above. All the Vested Options shall be permitted to be Exercised during the Exercise period and for this purpose, the Exercise period, where it has not already commenced, shall be deemed to have commenced on such day. Any Vested Options not Exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period.

12.4 Termination with cause[44]

In case the termination of employment of a Participant with the Group is with cause (i.e. negligence, fraud, professional misconduct, moral turpitude etc), his Options (Vested as well as Unvested) shall stand automatically forfeited on the Termination date and the contract referred to in Clause 9.1 above shall stand automatically terminated without any liability to the Company or the Committee or the Group.

12.5 Other terminations

In case, employment of a Participant with the Group is terminated for reasons other than those specified in Clauses 12.1 to 12.4 above, subject to Clause 11.10 above, all the Vested Options as on that date shall be permitted to be Exercised within 3 months from the Termination date or before the expiry of the Exercise period, whichever is earlier. All the Unvested Options on the Termination date shall automatically lapse and contract referred in Clause 9.1 above shall stand cancelled to the extent of Unvested Options lapsed.

12.6 Long Leave[45]

The effect of this Plan in case of a long leave of a Participant shall be determined by the Committee, as it may consider appropriate.

13 Notices and correspondence

13.1 Any notice required to be given by a Participant to the Company or the Committee or any correspondence to be made by a Participant to the Company or the Committee may be given or made to the Company/ Committee at the registered office of the Company or at the place as may be notified by the Company/ Committee in writing.

13.2 Any notice, required to be given by the Company or the Committee to a Participant or any

[43] To comply with Clause 9.1 of the SEBI Guidelines
[44] To comply with Clauses 11.6 & 5.3(b) of the SEBI Guidelines
[45] To comply with Clause 5.3 (g) of the SEBI Guidelines

correspondence to be made by the Company or the Committee to a Participant shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the Participant in his Acceptance form.

14 Beneficiary designation

14.1 Each Participant under the Plan may nominate, from time to time, any Beneficiary to whom any benefit under the Plan is to be delivered in case of his death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Participant, shall be in a form prescribed by the Company and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

15 Non-transferability of Options[46]

15.1 Save as provided in Clause 12.1 above, the Options Granted herein, are personal to the Participant. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold, or otherwise transferred or encumbered by the Participant otherwise than by will or by the laws of descent, to the extent permitted under the Applicable laws, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

16 Reorganisation of Capital Structure and other Corporate actions[47]

16.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Plan remains in effect, and such event arises from any Corporate action, then, in any such case, the Company may make a corresponding fair and reasonable adjustment, if any, to:

a) the number or nominal amount of Shares to which this Plan or any Option(s) relates (insofar as it is/they are unexercised); and/or

b) the Exercise price of any Option; and/or

c) (unless the relevant Grantee elects to waive such adjustment) the number of Shares comprised in an Option or which remain comprised in an Option; and/or

d) the method of Exercise of any Option; and/or

e) the maximum number of Shares referred to in Clause 6 above,

provided that:

(aa) any such adjustment shall give the Participant the same proportion of the issued share capital of the Company for which such Participant would have been entitled to subscribe had he Exercised all the Options held by him immediately prior to such adjustment;

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[46] To comply with Clauses 11.1 & 11.3 of the SEBI Guidelines
[47] To comply with Clause 5.3(f) of the SEBI Guidelines.

(bb) any such adjustment shall be made on the basis that the aggregate Exercise price payable by a Participant on the full Exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

(cc) any such adjustment shall be made in accordance with the SEBI Guidelines;

(dd) no such adjustment shall be made, the effect of which would be to enable a Share to be issued at less than its face value; and

(ee) the issue of Shares or other securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.

16.2 In the event of any Corporate action, as contemplated by the SEBI Guidelines, including (without limitation) rights on a general offer, rights on compromise, arrangement, reconstruction or amalgamation, rights where a person becomes bound or entitled to acquire shares and rights where there is a change in control of the Group, which is not contemplated by Clause 16.1 above, the Committee may, subject to the provisions of this Plan and Applicable laws, adjust the number of Options (Vested as well as Unvested) or the Exercise price in respect of the Options or the Vesting Period or the Exercise period or take one or more of the foregoing actions as it deems appropriate in accordance with the SEBI Guidelines while ensuring that the interests of the Option holders are protected.

17 Withholding Tax

17.1 All Options Granted under the Plan shall be subject to all applicable withholding tax requirements, if any, and the Company or Committee or Group may withhold such taxes accordingly.

17.2 Notwithstanding anything else contained in this Plan, no Shares/sale proceeds therefrom, as the case may be, shall be disbursed to the Participant or his Beneficiary, on Exercise of the Options under this Plan unless appropriate taxes as required under the Applicable laws are discharged.

18 Arbitration

18.1 In the event of a dispute arising out of or in relation to the provisions of this Plan (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. In case of failure, the matter shall be referred for final determination of an arbitrator appointed by the Committee and the decision of such an arbitrator shall be final and binding on the Company and the Employee. The arbitration proceedings shall be held in Mumbai, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Mumbai.

19 Governing Law

19.1 This Plan and all agreements thereunder shall be governed by and construed in accordance with the Applicable laws.

19.2 The Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Options are subject to the Plan. Any term of the Plan that is contrary to the requirement of the CG Guidelines or SEBI Guidelines or any other Applicable laws or other Indian regulations shall not apply to the extent it is contrary[48].

20 Regulatory approvals

20.1 The implementation of the Plan, the Granting of any Option under the Plan and the issuance of any Shares under this Plan shall be subject to the procurement by the Company and the Participants of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto. The Participants under this Plan will, if requested by the Committee, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

21 Modification of Plan[49]

Subject to the Special resolutions[50] passed at a General meeting[51] and obtaining of approvals from the concerned authorities, if any, the Committee may at any time and from time to time:

21.1 Revoke, add, alter, amend or vary all or any of the terms and conditions of the Plan or all or any of the rights and obligations of the Participants;

21.2 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Participants. Each of such sets of special terms and conditions shall be restricted in its application to those Participants;

21.3 Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Participants separately and each of such sets of special terms and conditions shall be restricted in its applications to such Participants;

21.4 Alter the formula for calculation of Exercise price, if the Option becomes unattractive due to fall in Market price of the Share.[52]

Provided that no variation, alteration, addition or amendment to the Plan can be made if it is detrimental to the interest of the Participant/ Grantee.[53]

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[48] To comply with Clause 22.1(a) of the SEBI Guidelines and Clause 3 of the CG Guidelines

[49] Please note that as per proviso to Clause 2 of the CG Guidelines, any amendment to the Plan after its effective date will make the Plan non-complaint with the CG Guidelines

[50] To comply with Clauses 7.2, 7.3 and proviso to Clause 7.5 of the SEBI Guidelines

[51] Notice for such variation should disclose the details of variation, the rationale and the details of the Employees who are beneficiary of such variation. To comply with Clause 7.4 of the SEBI Guidelines

[52] To comply with Clause 7.5 of the SEBI Guidelines

[53] To comply with Clause 7.1 and proviso to Clause 7.5 of the SEBI Guidelines

22 Miscellaneous provisions

22.1 The Participant shall have no rights as a Shareholder e.g. right to vote, right to receive dividends or any other rights etc shall exist with respect to the Shares, until the name of the Participant has been entered in the register of members of the Company as the holder of the Shares provided hereunder to such Participant[54].

22.2 The Shares issued upon Exercise of the Options under the Plan shall rank pari - passu in all respects including right to dividend with the existing Shares of the Company.

22.3 The Company shall endeavor to list the Shares issued on Exercise of the Options or by way of allotment within 3 months from the date of the issue of the Shares on the stock exchanges where the Company is listed subject to the terms and conditions of the listing agreements with the stock exchanges.[55]

22.4 This Plan shall not form part of any contract of employment between the Company and any Participant, and the rights and obligations of any Participant under the terms of his office or employment shall not be affected by his participation in this Plan or any right which he may have to participate in it and this Plan shall afford such an Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

22.5 This Plan shall not confer on any person any legal or equitable rights against the Company or the Committee, directly or indirectly, or give rise to any cause of action at law or in equity against the Company or the Committee.

22.6 The Company or Group shall be entitled to file this Plan with such authorities and persons as it may be required under law to file or where it deems fit.

22.7 The Company or Group shall bear the costs of establishing and administering this Plan, including any costs of the Company's auditors or any independent financial adviser in relation to the preparation of any confirmation by them or provision of any other service in relation to this Plan.

22.8 A Grantee shall, before accepting a Grant, obtain all necessary consents that may be required to enable him to accept the Grant and the Company to allot and issue to him in accordance with the provisions of this Plan, the Shares due to be allotted and issued upon the Exercise of his Vested Options. By accepting a Grant and/ or submitting the Exercise form, the Participant thereof is deemed to have represented to the Company or the Committee that he has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of a Grant by a Grantee.

22.9 By accepting a Grant, a Grantee expressly acknowledges that the Grant of Option does not constitute guarantee or continuity of employment and the Group shall reserve the right to terminate the employment of Grantee with the Group in accordance with the terms of employment. Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever, to any sum or other benefit to compensate him for loss of any rights under this Plan.

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[54] To comply with Clause 9.3 of the SEBI Guidelines

[55] To comply with Clause 22.1 of the SEBI Guidelines

22.10 The acceptance of the Grant is entirely voluntary and the Company or the Committee does not guarantee any return on Shares.

22.11 This Plan constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.

In the event that any term, condition or provision of this Plan being held to be a violation of any Applicable laws, statute or regulation, the same shall be severable from the rest of this Plan and shall be of no force and effect and this Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

23 Set-off

The Company's or the Committee's obligation to convey to the Participant that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant to the Company or the Committee, shall be to the extent permitted under Applicable laws.

24 Term of the Plan

24.1 The Plan shall continue to operate so long as there are unexercised or unissued Options/ Shares, and thereafter shall continue to operate till the Company or the Committee decides to terminate the Plan.

24.2 The Plan shall operate independently and parallel to any Plan that may presently exist. The Company may introduce new Plan or Plans that may have features, terms and conditions that are different from the Plan.

24.3 Any such termination of the Plan shall not affect Options already Granted and such Options shall remain in full force and effect as if the Plan had not been terminated unless mutually agreed otherwise between the Participants and the Committee/the Company.

25 Confidentiality

25.1 The Participant shall not divulge the details of the Plan and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the Applicable laws or any statutes or regulations applicable to such Participant.

Disclosure Document in Schedule IV (as per Clause 5.1) prescribed under the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 to Employees Stock Options and Shares Plan 2005 ('Plan')

Part A: Statement of Risks

All investments in Shares or Options on Shares are subject to risk as the value of Shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

I. **Concentration:**
The risk arising out of any fall in value of Shares is aggravated if the employee's holding is concentrated in the Shares of a single company.

2. **Leverage:**
Any change in the value of the Share can lead to a significantly larger change in the value of the Option as an Option amounts to a leveraged position in the Share.

3. **Liquidity:**
The Options cannot be transferred to anybody, and therefore the Employees cannot mitigate their risks by selling the whole or part of their Options before they are exercised.

4. **Vesting:**
The Options will lapse if the employment is terminated prior to Vesting. Even after the Options are vested, the unexercised Options may be forfeited if the employee is terminated for gross misconduct.

Part B: Information about the Company

1. **Business of Jain Irrigation Systems Ltd (the Company):**

1.1 Jain Irrigation Systems Limited, a company incorporated under the Companies Act, 1956, bearing Registration No.11-42028 (CIN No. L29120 MH 1986 PLC 042028) and having its Registered Office at Jain Plastic Park, NH No.6, Bambhori, Jalgaon 425 001.

1.2 The Company is carrying on diversified businesses including manufacture and sale of drip and sprinkler irrigation systems, plastic piping systems, plastic sheets, dehydrated vegetables, solar water heating systems, fruit pulps, juice and powder, tissue culture plants etc. The detailed objects for which the the Company has been established are set out in the Memorandum and Articles of Association of the Company.

1.3 The Company is India's leading agri- business Companies operating in diverse but integrated segments of the agro-business supply chain. The Company is India's largest manufacturers of Irrigation systems, polyethylene pipes and plastics sheets.

1.4 The Company has pioneered drip irrigation for small farmers in India and became second largest drip irrigation company in the world.

2. Abridged financial information:

Historical Financials

OPERATING RESULTS			**(Rs. in Lacs)**		**period ended**
	2002-03	2003-04	2004-05	2005-06	31.12.06
Gross Income	**33,944.35**	**42,144.44**	**64,186.21**	**91,708.03**	**80,224.42**
Excise Duties etc.	1,880.44	2,152.61	3,265.66	5,128.99	4,362.91
Net Income	32,063.91	39,991.83	60,920.55	86,579.04	75,861.51
Cost of Sales	28,235.11	33,412.31	51,091.31	72,126.45	62,217.33
PBDIT	**3,828.80**	**6,579.52**	**9,829.24**	**14,452.59**	**13,644.18**
Interest	4,568.76	4,831.57	4,441.13	4,711.35	4,357.78
PBDT	**(739.96)**	**1,747.95**	**5,388.11**	**9,741.24**	**9,286.40**
Depreciation	2,115.43	2,126.79	2,200.28	2,625.57	2,242.78
PBT before exceptional Items	**(2,855.39)**	**(378.84)**	**3,187.83**	**7,115.67**	**7,043.62**
Non-operating/ Exceptional Items - Net	(2,541.73)	(1,546.55)	(34.63)	200.28	110.48

PBT	**(313.66)**	**1,167.71**	**3,222.46**	**6,915.39**	**6,933.14**
Deferred Tax	(3,326.69)	(438.08)	(17.13)	128.38	-
FBT / WT	0.16	0.19	0.11	70.85	422.00
PAT	**3,012.87**	**1,605.60**	**3,239.48**	**6,716.16**	**6,511.1**
Dividends	-	(101.98)	-	(2,592.70)	-
Transfers to/ from to Reserves	(1,899.39)	(1,120.38)	(187.15)	3,039.08	-
Retained Profits	**1,113.48**	**383.24**	**3,052.33**	**7,162.54**	**6,511.14**
EPS - Basic	7.87	3.05	5.87	10.79	11.15
EPS - Diluted	7.87	3.02	5.87	10.78	11.15
Dividend Per Share (of Rs. 10/-)	-	-	-	1.80	-
market Capitalisation	18,675.66	34,797.19	73,174.91	146,320.65	223,595.47
Export Earnings (FOB)	10,707.38	12,837.54	21,036.82	26,907.75	-

Note: Other Income has been bifurcated into Operating & Non-operating income.

SOURCES AND APPLICATION OF FUNDS:

	2002-03	**2003-04**	**2004-05**	**2005-06**	**31.12.06**
Sources Of Funds:					
Equity	4,788.63	5,300.41	5,835.32	5,835.32	5,841.05
Reserves	9,290.71	12,646.12	17,656.11	20,434.88	26,786.86
Shareholders' Funds	**14,079.34**	**17,946.53**	**23,491.43**	**26,270.20**	**32,627.91**
Redeemable Preference Capital	9,353.19	9,353.19	9,353.19	9,108.92	9,103.19
Loan Funds [1]	33,393.91	31,505.50	33,665.11	67,452.80	71,725.94
Funds Employed	**56,826.44**	**58,805.22**	**66,509.73**	**102,831.92**	**113,457.04**
Application of Funds:					
Fixed Assets (Gross)	45,850.09	47,851.91	51,518.18	67,109.89	79,487.65
Depreciation	(14,685.64)	(17,151.72)	(19,342.04)	(23,482.11)	(25,714.29)
Fixed Assets (Net)	31,164.45	30,700.19	32,176.14	43,627.78	53,773.36
Investments	1,505.63	1,500.58	820.55	8,260.10	14,198.51
Deferred Tax - Net	6,976.57	7,414.64	7,431.78	7,303.40	7,303.40
Net Current Assets	17,179.79	19,189.81	26,081.26	43,640.64	38,181.77
Net Assets Employed	**56,826.44**	**58,805.22**	**66,509.73**	**102,831.92**	**113,457.04**
Net Worth per Share (Rs.)	29.40	33.86	40.26	45.02	55.86
Debt : Equity Ratio	2.10	1.53	1.19	2.10	1.58
Net Debt : Equity Ratio	1.95	1.45	1.14	1.24	1.39

Note: [1] Loan funds for FY 05-06 includes FCCB issue of Rs. 26766.00 Lacs (USD 60 Million) on 29th March 2006. These funds will be fully utilised during FY 06-07.

[2] Debt includes Redeemable Preference Share Capital and excludes Working Capital Loans.

[3] Net Debt is after deducting Cash & Bank balance from Debt calculated as per [1] above

3. Risk Factors:

Management perception of the risk factors (i.e. sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun, etc.) of the Company in accordance with item VIII of Part I of Schedule II of the Companies Act.

RISK FACTORS

Risks relating to the Company The success of our business is directly related to the performance of, and factors affecting, the Indian agricultural sector. Our Micro Irrigation Systems, Agro-Processed Products and, to a lesser extent, our Piping Systems segments are highly dependent on the domestic agricultural sector. The domestic agricultural sector forms the major market for our Micro Irrigation Systems products, and to a lesser extent, our Piping Systems. Our Agro-Processed Products segment relies on the availability of fruits, onions and other vegetables from local producers at a reasonable price and quality. Factors which have a negative affect on the Indian agricultural industry, such as inclement weather (especially during monsoon season), pestilence, competition from overseas suppliers, withdrawal or reduction of government incentives or policies designed to assist the industry and general macroeconomic factors, would have a negative effect on our business and financial condition. The effects of monsoonal weather in India, including flooding, droughts and subsequent damage to crops, can be more severe than in other countries, significantly affecting the success of crops in India. An adverse agricultural season may reduce the supply of fruit and vegetables for our food businesses and, at the same time, reduce the demand for our Micro Irrigation Systems. A prolonged drought may also reduce the quantity of water available for irrigation and reduce demand for our products.

Historically, approximately 80% of our total sales of Micro Irrigation Systems were in the Western and Southern parts of India. Any adverse agricultural season in Western and Southern India in particular would have a negative effect on our sales and results of operation. We source approximately 50% of our onion requirements from our contract farmers, whom we provide with seeds which we have developed. Loss of crops by our contract farmers would require us to purchase alternative supplies which may not be of comparable quality or solid content or available at the same prices or in the desired quantities. Our inability to obtain an adequate supply of raw materials for our food businesses may result in reduced production, or the need to purchase more expensive and/or lower quality produce from alternative sources, or increase our processing cost, adversely affecting our financial condition and results of operations. Reduced demand for our Micro Irrigation Systems may also adversely affect our financial condition and results of operations.

The Indian agricultural industry and the take-up of micro irrigation technology is highly dependent on the Indian central and state governments' incentives and initiatives. Any reduction, or delays in the provision of, government support could adversely affect the ability of certain of our business, our growth prospects and segments to operate. Our Micro Irrigation Systems segment has been assisted by Indian government policies designed to promote the use of micro and other irrigation systems in Indian agriculture. The Indian government subsidizes qualifying domestic farmers up to 50% of the cost of acquiring qualifying irrigation equipment. The subsidy scheme is directed to smaller farming operations. In the States of Andhra Pradesh and Gujarat, the state governments have a list of approximately 10 approved suppliers eligible to participate in their subsidy programs of which we are one. However, these programmes and our participation in them is reviewed by the governments of Andhra Pradesh and Gujarat on an annual basis. Our business and business prospects could be materially adversely affected by the reduction or withdrawal, or delay in implementation, of government programs to assist the industry, or if we become ineligible to participate as a supplier under any of these schemes. In addition, we have indirectly benefited in previous years from subsidies made available from time to time to farmers in the State of Maharashtra, which currently accounts for approximately 60% of our domestic sales of Micro Irrigation Systems. Even with government support for the purchase of irrigation products, there remains a risk that an insufficient number of domestic farmers will be able to afford, or wish to purchase, our products, causing a reduction in demand for our products. Demand for our Micro Irrigation Systems is significantly dependent on the availability of government subsidies and commercial loans at concessional rates for agricultural uses. Changes to, including reduction in, government support or concessional credit terms for the agricultural sector could have a materially adverse effect on demand for our products and hence our financial conditions and results of operations. We reported net losses during the fiscal years 1997 to 2002, and we have only recently returned to profitability. We recorded EBIDTA of Rs.406.4 million, Rs.420.2 million and Rs.753.4 million for fiscal years 2002, 2003 and 2004, respectively, but incurred substantial losses for the fiscal years 1997 to 2002, largely due to high interest costs in that period. This in turn caused us to default under our loan obligations and led to us restructuring our debt in 2001. We may incur losses again in the future and we may need to seek additional debt and or equity to fund our working capital and capital expenditure requirements.

Capacity constraints may limit our future growth. We may be unable to complete our expansion program as planned. All of our facilities have historically operated at or near capacity levels during our peak production season which in the case of our Agro-Processed Products occurs in the second half of each fiscal year. We plan to commence an expansion program to increase our production capacity significantly by adding new production lines to our existing facilities in the next few months. Our future success will depend on our ability to significantly increase our capacity and manage growth. See ''Business''. Our expansion program involves various risks that may delay or prevent the successful completion or operation of the facilities or significantly increase our costs of operations. Risks associated with the expansion include, but are not limited to, the following:

- *we may not be able to complete our expansion program on time or within budget and the expansion may not be profitable;*
- *delays in completion and commercial operation could increase the financing costs associated with the expansion program and could cause us to exceed our budgeted capital expenditure;*
- *our expanded production facilities may not operate at predicted capacity, may cost more to operate than we expect and/or may experience production/operations problems;*
- *the demand for products from our new production equipment may be less than expected so we may not earn revenues from such equipment at the rate we predicted and budgeted; and*
- *we may not be able to obtain skilled staff required to operate or sell products produced by the new production equipment or expand the scope of our operational and financial systems to handle the increased complexity of our operations.*

Any one or more of the above factors could materially adversely affect our business, financial condition and results of operations. Further, if we cannot successfully execute our planned expansion program, we may not be able to meet existing or increased customer demand, adversely affecting our sales.

We have recently acquired new businesses and entered into strategic partnerships and are planning further acquisitions in the future. Our future success will depend on our ability to achieve and manage growth. We have recently acquired new businesses and also entered into *strategic partnerships in relation to our Agro-Processed Products and our Micro Irrigation Systems. See "Business – Recent Developments". Our growth strategy in the future may involve acquiring further businesses or making strategic partnerships. We may not be able to identity, fully evaluate and successfully complete suitable acquisitions, investments or strategic partnerships, which may place us at a disadvantage if our competitors are able to grow their market share through such activities. We may have difficulty integrating these additional assets and business operations into our existing operations. This could have a material adverse effect on our business, financial condition and results of operations. The success of our organic or inorganic growth will depend, among other things, on our ability to secure significant amounts of financing, to manage the expansion process, to access potential markets, to make timely capital investments with the seasonal cycle, to control input costs, to attract new customers and to maintain sufficient operational and financial controls. We expect our growth to place significant demands on our management and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to secure significant amounts of financing or to successfully manage our expansion process may have an adverse effect on our business, financial condition and results of operations.*

Our manufacturing operations are located solely in India and are concentrated in Jalgaon, Maharashtra (India). Any interruption at our facilities or any natural disaster in Jalgaon or India may adversely affect our business and profitability. Any interruption (partial or complete) to our operations as a result of any industrial accidents, unanticipated maintenance, natural disasters or otherwise at our facilities could materially and adversely affect our business, financial condition and results of operations. These operating problems could not only result in decreased production, lower revenues and loss of customers, but may also cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage. An accident could also result in regulatory enforcement proceedings and civil or criminal law suits. Any such events could have a significant negative effect on our business, financial conditions and results of operations.

Although we maintain property and casualty insurance of the types and in the amounts that we believe are customary for the industry, we are not fully insured against all potential hazards incident to our business and our insurance may not be adequate. We do not currently carry business interruption insurance.

We are dependent upon the continued supply of raw materials for our manufacturing activities, the costs of which can be subject to significant variation due to factors outside our control. We currently source the raw materials needed to manufacture our PVC and PE products (principally certain types of polymers and resins) from domestic sources. Our present suppliers of polymers and resins have been supplying us for the last 12 years on a spot basis. The cost of purchasing polymers depends on supply and demand conditions in the polymer market which may in turn be affected by increases or decreases in the cost of oil. We are not presently dependent on any one supplier for any of our raw materials but our largest supplier presently supplies approximately 30% of our polymer and resin needs. Our top 3 suppliers presently supply between 60 and 65% of our domestic polymer purchases. Although we presently enjoy an unconstrained supply of raw materials for our PVC and PE manufacturing activities, our future inability to obtain an adequate supply of one or more inputs required for our operations at a reasonable price and on a timely basis may result in the loss of sales and customers, or decreased profitability. Further, the raw materials for our Piping Systems and Agro-Processed Products are commodities whose prices are determined by international and domestic markets. Any significant fluctuation in prices of these raw materials may have an adverse effect on our profits and results of operations.

We depend on certain key distributors and customers in some business segments, and our business and financial conditions may be adversely affected if we are unable to retain these customers or distributors or keep our distributors sufficiently incentivized. We presently have over 1,000 distributors for our PVC pipe and Micro Irrigation Systems segments. We rely to a significant extent on the relationships we have with our distributors, as they play a significant part in enhancing customer awareness of our products and maintaining our brand name. However, we do not have any long term contracts with any of these distributors. Further, as our authorized distributors have day to-day contact with customers, we are exposed to the risk of our distributors failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect our customers' perception of our brand and products. In addition, we provide our distributors with incentives to sell our products by way of discounts. If our competitors provide better incentives to our distributors, such distributors may be persuaded to promote the products of our competitors instead of our products.

We sell approximately 50% of our PC Sheet products to GE Plastics India Ltd. ("GE") while our top five Agro-Processed Products customers account for 40% of our sales of those products. Further, the growth of our fruit purees and concentrates business has been significantly helped by Hindustan Coca Cola Pvt. Ltd. seeking to expand the juice market in India. There can be no assurance that we will be able to retain our customers or distributors. If one or more of our key customers or distributors were unable or unwilling to continue their business relationships with us, our business may be significantly disrupted and our financial condition and results of operations may be materially and adversely affected. For the year ended March 31, 2005, our top 5 customers accounted for approximately 20% of our overall sales. Any deterioration in our relationship with any of our key customers or distributors or insolvency of, or any payment default by, any of them (particularly during our peak sales seasons when our accounts receivable are at their highest) would have an adverse impact on our business, financial condition and results of operations.

We sell products in competitive markets. We may not be able to pass increases in our cost of operations onto our customers. Pricing in our markets may be unpredictable. We actively compete with companies producing the same or similar products. We face significant competition in our markets, including from low cost/low quality operators. As our PVC pipes are commodity products, competition in this market is based primarily on price and to a lesser extent on performance, product quality, product deliverability and customer service. Further, many of our markets have low barriers to entry. We have limited ability to influence prices in the markets for our products and may not be able to protect our market position for these products and may not be able to pass on cost increases to our customers in full or at all. Accordingly, increases in raw material and other costs may not necessarily be able to be passed on in full or at all to our customers through increases in prices of our finished products. Specifically, timing differences in pricing between raw material prices, which may change weekly, and contract product prices, which in many cases are negotiated only monthly, quarterly or less often, sometimes with an additional lag in effective dates for increases, have had and may continue to have a negative effect on profitability. Significant volatility in raw material costs tends to put pressure on product margins, as sales price increases generally tend to lag behind raw material cost increases. Even if we are successful in passing on the cost to customers, continuous increases in prices would lead to reduced demand for our products. Conversely, when raw material costs decrease, customers seek immediate relief in the form of lower sales prices.

While we strive to maintain or increase our profitability by reducing costs through improving production efficiency, rebalancing production from time to time to emphasize higher-margin products, and controlling selling and administration expenses, these efforts are usually not sufficient to offset fully the effect of declining product prices on operating results. Our competitors could cause a reduction in the prices for some of our products as a result of intensified price competition. Further, competition from new entrants could drive prices for our products lower. Our market position will also depend on effective marketing initiatives and distribution channels and our ability to anticipate and respond to various competitive factors affecting the industry, including new products with new features, pricing strategies by competitors, changes in consumer preferences and general economic, political and social conditions in the countries in which we do business. Our competitors may have greater resources than us or they may benefit from government-sponsored programs that subsidize their production costs or provide them with a marketing or other advantage. Any failure by us to compete effectively, including in terms of pricing of products, could have a material adverse effect on our financial condition and the results of our operations.

Our sales and operations, including our food processing and dehydration operations are affected by seasonal factors. Our manufacturing activities for Agro-Processed Products vary over the course of each year reflecting seasonal changes in the availability of raw materials. In particular, processed mangoes presently account for between 75% and 80% of our processed fruit sales. However, our mango processing season only occurs during the three month period when raw mangoes are available. For the remainder of the year we process fruits which are not as profitable nor as much in demand as mangoes. Therefore, for a certain part of the year, our production units remain idle or run under capacity. See ''Business Manufacturing and Contract Farming Facilities —Capacity Utilization''. If for any reason we are unable to obtain raw materials or meet production targets during the relevant months, we may not be able to meet our production targets for that year.

Our sales volumes of mangoes also vary over the course of each year. Just under half of our sales generally occur in the fourth quarter of each year, with the next highest percentage occurring in the third quarter and the balance occurring in first two quarters. These variations are primarily due to our reliance on the Indian agriculture sector and the seasonal factors affecting it. Our food processing and dehydration operations are also affected by the growing cycle of the fruits and vegetables processed. Because of seasonal fluctuations, we also have fluctuations in our inventory and accounts receivables. Accordingly, our results of operations for any particular quarter will not be indicative of results for the full year or for future years and our quarter-to-quarter results will not be comparable. Our results of operations may also be significantly affected if we suffer production interruptions or capacity constraints, or cannot produce at all, during the fourth quarter of any year or during our three month mango processing season, or if we are unable to sell the products manufactured in that period.

Export destination countries may impose varying duties on our products or enter into free trade agreements with countries other than India. Any increase in such duties or the entry into free trade agreements with countries other than India may materially adversely affect our business, financial condition and results of operations. For the year ended March 31, 2005, we exported 38% (by value) of our products. In our PVC sheets and fruit processing and dehydration business segments, we derive the major portion of our revenue from exports. The destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such destination countries will not increase. Any change or increase in such duties may adversely affect our business, financial condition and results of operations. Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements may put us at a competitive disadvantage vis-a' -vis manufacturers in other countries and may adversely affect our business, financial condition and results of operations. As a manufacturing business, our success depends on the smooth supply and transportation of the various raw materials required for our plants and of our products from our plants to our customers, both of which are subject to various uncertainties and risks. Our raw materials, including polymers and resin for PVC and PE production and fruit and vegetables for processing, are transported to our plants by land, which may be subject to various bottlenecks and other hazards beyond our control, including weather, strikes or civil disruption. We are also dependent on land and ocean transport for the delivery of products to our *customers. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations. Increases in the costs of fuel are reflected in the cost of transporting raw materials to our plant and delivery of our products to our customers (particularly to our overseas customers) and may adversely affect our business, financial condition and results of operations. Transportation costs, which are directly impacted by fuel prices, may magnify the impact of economic cycles on our business, financial condition and results of operations. Changes in freight and other transportation costs may affect our markets and adversely affect our business, financial condition and results of operations.*

Our electricity supply may not be reliable and we may be adversely affected by increasing power costs. The majority of our manufacturing plants are concentrated in Maharashtra, although we also have facilities in Andhra Pradesh, Gujarat and Tamil Nadu. The state of Maharashtra is currently a net importer of power. This may in the future cause the cost of power in Maharashtra to rise and increase the risk of power outages. The entire power requirements of our plants in Maharashtra are met through the State Electricity Boards ("S.E.Bs"), and there may be power cuts in the supply provided by the S.E.Bs from time to time. While we have stand-by diesel generator sets to ensure that there is no stoppage in our production, there can be no assurance that such standby generators will be effective to continue the operation of all of our facilities, particularly if power outages are frequent or continue for long periods.

In fiscal 2005, power costs amounted to 2.6% of our revenue. We are presently entitled to concessional power prices for our Agro-Processed Products. If the per unit cost of electricity is increased by the S.E.Bs or there is a reduction in or elimination of our entitlement to concessional power, our power costs will increase. Conversely, if fuel costs go up, our cost of internal generation of electricity will rise. It may not be possible to pass on any increase in power costs to our customers and it may lead to a decrease in our profit margins. If the supply of electricity were interrupted or limited we could be required to suspend or reduce production, which, if lasting longer than a very short period, would materially and adversely affect our business, financial condition or results of operations, particularly if it occurred during a peak processing period for our Agro- Processed Products. Any interruption of power, even a short interruption could give rise to inefficiencies when we resume production. Conversely, if we are required to use our stand-by diesel generators, our power costs would increase. We are not entitled to be reimbursed under any of our insurance policies for any losses incurred as a result of electricity interruptions or limitations. Fluctuations in the value of the Indian Rupee may adversely affect our business, financial condition and results of operations. Although most of our transactions and debts are denominated in Indian Rupees, changes in exchange rates could materially and adversely impact our business, financial condition and results of operations. Approximately 38% of our total sales (approximately US$50 million) are denominated in currencies other than Indian Rupees. Since a substantial portion of our costs, including electricity costs and personnel expenses, are incurred in Indian Rupees, appreciation of the Indian Rupee against the dollar would causes our export products to be less competitive by raising our costs in dollar terms, which could reduce our export sales. Indian Rupee appreciation makes imported products more attractive to our domestic customers who use or distribute our products in quantities sufficient to import substitutes on an economic basis. Indian Rupee appreciation also makes other nations' products more attractive to our international customers. As a result, appreciation of the Indian Rupee against other currencies may have a material adverse effect on our results of operations. Conversely, depreciation in the Indian Rupee against other currencies may increase the cost of servicing and repaying our debts which are denominated in foreign currencies, and increase the Indian Rupee value of such debt in our financial statements.

Extensive environmental, health and safety laws and regulations impact our operations and assets, and compliance with these regulations could adversely affect our results of operations. Our manufacturing, processing and other operations are subject to environmental, health and safety laws and regulations. The nature of our business exposes us to liability under these laws and regulations due to the production, storage, transportation, treatment or disposal and sale of materials and waste that could cause contamination or personal injury if released into the environment or workplace. We may incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs, or experience interruptions in our operations for violations arising under any of these laws. Any change in Indian laws and regulations applicable to us, including environmental laws and regulations, and increased governmental enforcement of environmental laws or other similar developments in the future may require us to make additional capital expenditures or incur additional operating expenses in order to maintain our current operating activities, curtail our production activities or take other actions that could materially and adversely affect our business, financial condition or results of operations. We are required to invest significant financial and managerial resources to comply with environmental and safety laws and regulations and we anticipate that we will continue to be required to do so in the future in order to comply with laws in India and our other primary markets.

We are subject to stringent quality requirements in our food processing and dehydration business which we may not be able to meet. Failure to meet these requirements could lead to product returns, product losses, breaches of relevant laws, customer dissatisfaction, damage to our reputation and reduced demand for our products, and liability under product liability laws, adversely affecting our business and results of operations. We are required to maintain high quality controls in our food processing and dehydration business to comply with relevant laws and also to meet the high expectations of our international customers. However, due to the nature of these finished products and our manufacturing processes, a degree of contamination is unavoidable. If any of our products are contaminated, we face the risk of product *returns by our customers, decrease in demand by our customers, costs of cleaning and remediating contaminated products or loss of entire batches of unsaleable finished products. We also may be subject to legal action in India or elsewhere (including the US) for breach of statutory or contractual quality requirements and under product liability laws, and our reputation may be irreparably damaged. Each of these cases would have a materially adverse affect on our business and results of operations.*

Our insurance coverage may be inadequate to fully protect us from all losses. While we believe that we maintain insurance coverage in amounts which conform to industry norms in India, we are not fully insured against all potential hazards incident to our business and if any or all of our production facilities are damaged and our operations are interrupted for a sustained period, there can be no assurance that our insurance policies would be adequate to cover any or all of the losses that may be incurred as a result of such interruptions or the costs of repairing or replacing the damaged facilities. Our other policies, such as our products liability insurance, may not be sufficient to protect us from all losses. Our property insurance does not cover acts of terrorism and, in the event of a terrorist attack, our facilities could be damaged or destroyed and our operations curtailed. In recent years, most insurers have created exclusions for losses from terrorism from ''all risk'' property insurance policies. While separate terrorism insurance coverage is available, premiums for such coverage are very expensive and the policies are subject to very high deductibles. Available terrorism coverage typically excludes coverage for losses from acts of foreign governments as well as nuclear, biological and chemical attacks. We have determined that it is not economically prudent to obtain terrorism insurance, especially given the significant risks that are not covered by such insurance, and we do not carry terrorism insurance on our property at this time. In the event of a terrorist attack, explosion or other accident impacting one or more of our facilities, we could lose the net sales from the facilities and the facilities themselves. We do not carry business interruption insurance.

We are exposed to the risk of strikes and other industrial actions. As of December 31, 2005, we employed approximately 2,870 employees in India, 9 in the UK and 10 in the US. None of our employees belong to a union. We believe our relationship with our employees is generally good. However, we cannot guarantee that our employees will not unionize or that we will not experience any strike, work stoppage or other industrial action in the future. Any such event could disrupt our operations, possibly for a significant period of time, result in increased wages and other benefits or otherwise have a material adverse effect on our business, financial condition or results of operations. We may also not be able to attract and retain the skilled employees required for our operations.

See ''Business — Employees.''

We were one of the companies referenced by an independent committee established by the United Nations as having made payments to the Government of Iraq under the Oil-for-Food Program. Any action against us based on the subject matter of the report could have a material adverse effect on our financial condition, results of operations and cash flows. We were one of the 2,253 companies referenced by the Independent Inquiry Committee into the United Nation's Oil-for-Food Program in its Report on the Manipulation of the Oil-for-Food Program dated October 27, 2005 (also known as the Volcker Report). The report references us as having made payments to the Government of Iraq in order to obtain from it orders for sale of humanitarian goods. These payments relate to Micro Irrigation Systems we supplied to the Government of Iraq in 2000 against a letter of credit we received from BNP Paribas, New York Branch, on behalf of the United Nations. The contract face value of the Micro Irrigation Systems we supplied was $1,115,000. The Independent Enquiry Committee has submitted its report to the United Nations. Since the submission of the report, we have written to the Independent Inquiry Committee to provide to them evidence of the fact that the payments by us were authorized by the program and to seek removal of our name from the report. No action has been taken against us by the United Nations or any regulator in India or elsewhere in relation to the subject matter of the report. Although we believe that an action against us by the UN may be remote based on our direct correspondence with the Independent Enquiry Committee, any action by the United Nations or governmental authorities in India or our overseas markets against us based on the report could damage our reputation and lead to legal sanctions resulting in a material adverse effect on our financial condition, results of operations and cash flows.

See ''Business — Legal Proceedings''.

An outbreak of the H5 strain of bird flu, or other highly infectious disease could lead to shut down of our facilities, resulting in a material adverse effect on our financial condition, results of operations and cash flows. Recently, the government detected certain incidents of the H5 strain of bird flu, or Avian Flu in Jalgaon. Our business headquarters and most of our production facilities are located approximately 50 km to 80 km from the affected areas. This disease, which is spread through poultry populations, is capable in certain circumstances of being transmitted to humans and could be fatal. An outbreak of a highly infectious disease such as Avian Flu in Jalgaon, might disrupt our ability to adequately staff our business and could generally disrupt our operations. If any of our employees is suspected of having Avian Flu or such other disease, we may be required to quarantine such employee or the affected areas of our facilities and temporarily suspend part or all of our operations at affected facilities. Any new outbreak of Avian Flu or other infectious diseases could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

We require substantial amounts of capital for our business operations, and the failure to obtain, or unfavorable terms under which we are able to obtain, needed capital may materially and adversely affect our growth prospects and future profitability. We require substantial capital to build, maintain and operate our production facilities. We also require significant amounts of capital to implement our capacity *expansion programs. To the extent these expenditures exceed our cash resources, we will be required to seek additional debt or equity financing. Our ability to obtain additional financing on favorable commercial terms or at all will depend on a number of factors, including our future financial condition, results of operations and cash flows, general market conditions for financing activities by manufacturers in the industries in which we operate, economic, political and other conditions in the markets where we operate and covenants and restrictions in existing debt. Any new borrowings could include terms that restrict our financial flexibility, including the debt we may incur in the future, or may restrict our ability to manage our business as we had intended. If we are unable to renew existing funding or obtain additional funding in a timely manner or on acceptable terms, our growth prospects, competitive position and future profitability could be materially and adversely affected.*

We depend upon our key management and sales personnel; failure to retain such personnel may adversely affect our business. Our success and growth depends on our ability to identify, attract, hire, train and retain suitably skilled and qualified employees, including key management and sales personnel with the requisite industry expertise. The loss of members of senior management or key employees could have a material adverse effect on our business if we are unable to recruit suitable replacements in a timely manner. Competition for such personnel is high and any failure to recruit and retain the necessary personnel or the loss of a significant number of employees at any time could harm our business, financial condition and results of operations.

The interests of our controlling shareholders may differ from our interests. We are promoted by Mr B.H. Jain. He, along with his family members and persons acting in concert, held approximately 30.48% of our equity shares as of March 10, 2006. As a result, they have the power to appoint a majority of the directors and to direct the management and policies. They may also prevent us from effecting any transaction involving a change of control of the Company.

We are subject to certain covenants under other indebtedness. The covenants in our debt agreements with banks and other lending institutions require us, among other things, to obtain their approval before issuing new debt, changing management, effecting mergers, consolidations or sales of assets, undertaking any new projects, declaring dividends out of current year profits, undertaking material diversification in our business, creating subsidiaries or making certain investments. In addition, certain of our borrowings require us to maintain certain financial ratios. In case of any breach of the covenants applicable to us under other indebtedness, in the absence of a waiver of all of such breaches by the concerned lender, such lender may call for immediate repayment of the entire outstanding amount of the loan, which may have an adverse affect on our financial condition and may materially adversely affect our ability to satisfy our obligations under the Bonds. Our consortium of working capital lenders is entitled to appoint, and has appointed a nominee director to our Board of Directors, while another of our investors, Dunearn Investments, has a right, which it is presently not exercising, to appoint a further nominee director to our Board of Directors.

We may infringe on the intellectual property rights of others. While we take care to ensure that we take advantage of and register all of the intellectual property rights to which we are entitled, and seek to comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain licenses or significantly impact some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether claims that we are infringing patents or other intellectual property rights have any merit, those claims could:

- *adversely affect our relationships with current or future customers;*
- *result in costly litigation;*
- *cause product shipment delays or stoppages;*
- *divert management's attention and resources;*
- *subject us to significant liabilities;*
- *require us to enter into royalty or licensing agreements; and*
- *require us to cease certain activities.*

An adverse ruling arising out of any intellectual property dispute could subject us to significant liability for damages, prevent us from using technologies or developing products, or require us to negotiate licenses to disputed rights from third parties. Although patent and intellectual property disputes in the technology area are often settled through licensing or similar arrangements, costs associated with these arrangements may be substantial and could include license fees and ongoing royalties. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Part C' Salient Features of the Employee Stock Options and Shares Plan 2005

1. *The purpose of the Plan is to attract, motivate and retain Employees for high levels of individual performance and for unusual efforts to improve the financial performance of the Company, which will ultimately contribute to the success of the Company. This purpose*

is sought to be achieved through the Grant of Options to the Employees to subscribe to Shares of the Company.

2. *An 'Option' is a right, but not an obligation to acquire and be allotted a share of the Company at a pre-determined price ('Exercise price') in accordance with the terms of the Plan.*

3. ***Shares pool***

   3.1 Subject to Clause 16 of the Plan, the maximum number of Shares that may be issued pursuant to Exercise of Options Granted to the Participants under this Plan shall not exceed 30,71,200 (Thiriy Lakhs Seventy One Thousand Two Hundred only) Shares of the Company.

   3.2 Subject to Clause 16 of the Plan, out of the overall limit specified in Clause 6.1 of the Plan, maximum number of Shares that can be issued pursuant to Exercise of Options Granted to the Participants would be as under:

   - *not more than 25,71,200 (Twenty Five Lakhs Seventy One Thousand Two Hundred only) Shares to the Employees covered under Clauses 3.10 (a) or (b) of the Plan*
   - *not more than 5,00,000 (Five Lakhs only) Shares to the Employees covered under Clause 3.10 (c) of the Plan*

   3.3 All Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are pending to be Granted or Shares pending to be allotted. The Company may Grant such Options within the overall limit as per Clauses 6.1 and 6.2 of the Plan.

4. The Compensation Committee ('Committee') having a majority of independent directors will determine the eligibility of the Employees for the Plan based on the Company's requirements.

5. Such Eligible Employees, as may be decided by the Committee, at its sole discretion, may be granted Options under the Plan ('Participants').

6. Options eligible for vesting:

   6.1 Subject to Clauses 11.10, 12 and 16 of the Plan and continued employment of the Participant with the Company, the Unvested Options shall be eligible for Vesting with the Participant in accordance with the following schedule:

   Set I:

   In case of all Unvested Options, where the Exercise price is as per Clause 10.1

   (a) of the Plan:

   (a) One-third of the total Options Granted to the Participant - on the First anniversary of the Grant date;

   (b) One-third of the total Options Granted to the Participant - on the Second anniversary of the Grant date;

   (c) One-third (balance) of the total Options Granted to the Participant - on the Third anniversary of the Grant date.

   Set II:
   In case of all Unvested Options, where the Exercise price is as per Clause 10.1
   (b) of the Plan, 100% of the total Options Granted to the Participant on the First
   anniversary of the Grant date.

   6.2 All Options that are eligible for Vesting as per Clause 9.2 of the Plan, shall vest immediately, unless the Committee decides otherwise based on lack of acceptable performance. All Options that are eligible for Vesting as per Clause 9.2 of the Plan, which do not Vest as per this Clause, shall lapse immediately.

7. **Exercise price:**

   (a) Set I:
   10% discount to the Market price.

   (b) Set II:
   25% discount to the Market price. However, Options cannot be Granted to the Grantee with this Exercise price after 180 days from the Effective date.

8. No Participant can Exercise, unless the Committee decides otherwise, if the Participant carry on or engage directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner

whatsoever, whether for profit or otherwise any business which competes directly or indirectly with the whole or any part of the Business of or any other business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Committee in this regard shall be final and conclusive and cannot be called in question by the Participant. For the sake of clarity, the restriction contained in the Plan shall not apply to any investment held as a portfolio by the Participant.

9. The equity shares will be allotted to the Participants on Exercise of the Options after completing the necessary formalities in this regard. Participants will have to pay the full Exercise price per share at the time of Exercise of the Option.

10. The shares issued under the Plan shall be listed with the stock exchanges where the shares of the Company are listed.

11. The Board/Committee is also empowered to make a fair and reasonable adjustment to the Exercise price in case of rights issues, bonus issues and other Corporate actions.

12. The Participant shall comply with the Company's Code of Conduct as well as Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003.

For detailed terms and conditions, kindly refer to the attached Plan. In case of any contradiction between the Salient Features listed here and the provisions of the Plan, the provisions of the Plan shall prevail. For any information or clarification, you may write to:

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Employees Stock Options and Shares Plan 2005