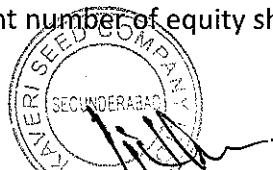


**EXTRACT OF THE SPECIAL RESOLUTION PASSED BY THE MEMBERS OF KAVERI SEED COMPANY LIMITED THROUGH POSTAL BALLOT/ E-VOTING OF WHICH WAS ANNOUNCED ON THURSDAY THE 19<sup>TH</sup> DAY OF JULY, 2018 AT THE REGISTERED OFFICE OF THE COMPANY AT 513-B, 5<sup>TH</sup> FLOOR, MINERVA COMPLEX, S.D. ROAD, SECUNDERABAD - 500003, TELANGANA.**

**APPROVAL OF KAVERI SEED EMPLOYEE STOCK OPTION PLAN 2018 (ESOP 2018) THROUGH TRUST ROUTE**

**"RESOLVED THAT** pursuant to Section 62(1) (b) and all other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof) (**"the Act"**) read with the rules made thereunder, and subject to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**"the SEBI ESOP Regulations"**), including the relevant circulars and notifications, if any, issued by the Securities and Exchange Board of India (**"SEBI"**) from time to time and the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015, Companies (Share Capital and Debentures) Rules, 2014 and the Articles of Association of the Company and other applicable laws, rules and regulations for the time being in force, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors including the committee constituted by the Board, consent of the Company be and is hereby accorded to the Board to adopt and implement the proposed **Kaveri Seed Employee Stock Option Plan - 2018 ("ESOP 2018")**, for the benefit of present and future, permanent employees of the Company and its subsidiaries, other than a promoter or a person who belongs to the promoter group, Independent Directors(s) and Director who directly or indirectly holds more than 10% of the outstanding shares of the Company., as approved by the Board of Directors.

**RESOLVED FURTHER THAT** the ESOP 2018 be implemented through the Kaveri Employees Trust (**"ESOP Trust"**) based on the guidelines formulated by the Nomination and Remuneration Committee of the Board (**"Compensation Committee"**) provided that the total number of options that can be granted in one or more tranches under ESOP 2018 shall not exceed 30,00,000 options , exercisable into equivalent number of equity shares of Rs.2/- each of the

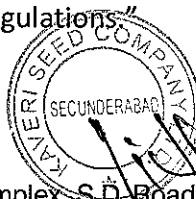


Company (representing 4.54% of paid up capital of the company as at 31<sup>st</sup> March, 2018) ("Options") (or such other adjusted figure for any bonus, stock splits or consolidations or other reorganization of the capital structure of the Company as may be applicable from time to time) to be acquired by the ESOP Trust from the secondary market, at an exercise price that shall be determined by the Compensation Committee for each grant at a discount up to 80% of the prevailing market price (closing price on the Stock Exchange having the highest trading volume, where the shares of the Company are listed) of the equity shares of the Company one day prior to the date of grant and on such other terms and conditions as the Compensation Committee or the ESOP Trust, as the case maybe, may determine from time to time.

**RESOLVED FURTHER THAT** the Compensation Committee be and is hereby authorised to:

- i. Delegate to the ESOP Trust, the authority to administer, implement and supervise the operation of ESOP 2018 on such terms and conditions as it may specify;
- ii. determine the terms and conditions of grant, issue, re-issue, cancellation and withdrawal of options from time to time;
- iii. formulate, approve, evolve, decide upon and bring into effect, suspend, withdraw or revive any sub-scheme or plan for the purpose of grant of options to the employees and to make any modifications, changes, variations, alterations or revisions in such sub-scheme or plan from time to time;
- iv. to do all such acts, deeds, things and matters as may be considered necessary or expedient for the purpose of giving effect to the above resolution including delegation of all or any of the powers herein conferred by this resolution to the ESOP Trust; and
- v. to settle any questions, difficulties or doubts that may arise in this regard without requiring to secure any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Compensation Committee be and is hereby also authorised to determine, modify and vary all or any of the terms and conditions of ESOP 2018 as it may in its absolute discretion determine subject to applicable laws including the SEBI ESOP Regulations."



"FURTHER RESOLVED THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI ESOP Regulations and any other applicable laws and regulations to the extent relevant and applicable to the ESOP 2018."

**///CERTIFIED TRUE COPY///  
FOR KAVER SEED COMPANY LIMITED**



**C. MITHUNCHAND**  
**WHOLE TIME DIRECTOR**  
**DIN: 00764906**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE  
COMPANIES ACT, 2013**

***Approval of Kaveri Seed Employee Stock Option Plan - 2018 (ESOP 2018) through Trust route and Grant of Stock Options to the Employees of Subsidiary Companies under ESOP 2018***

Stock options represent a reward system based on performance. They help companies to attract, retain and motivate the best available talent. Stock options also have gone a long way in aligning the interest of the employees with that of the organisation besides providing employees an opportunity to participate in the growth of the Company and creating long term wealth in their hands.

The Board of Directors of the Company at its meeting held on 24<sup>th</sup> May 2018 have approved the Kaveri Seed Employee Stock Option Plan 2018 to be implemented through the Trust route involving acquisition of equity shares of the Company by the Trust through secondary market and the Board authorized the Nomination and Remuneration Committee (hereinafter referred to as Compensation Committee) for the superintendence of ESOP 2018.

Grant of stock options under ESOP 2018 shall be as per the terms and conditions as may be decided by the Compensation Committee from time to time in accordance with the provisions of Companies Act, 2013, the rules made thereunder and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI ESOP Regulations"). The ESOP Plan 2018 is proposed to be implemented through the Kaveri Employees Trust ("ESOP Trust"). The ESOP Trust will acquire equity shares of the Company from the secondary market for this purpose.

As consequence to the aforesaid, the statement under Section 102 and relevant resolutions at Item No.2, 3 and 4 which is proposed for approval of the Shareholders are set out in this Notice.

The main features of ESOP 2018 and other details of the Scheme as required under Regulation 6(2) of SEBI ESOP Regulations, are as under:

**1. Total number of Options to be granted under the Scheme**

- i. A total of 30,00,000 options ( not exceeding 4.54% of the paid up capital of the Company as on 31<sup>st</sup> March , 2018) would be available for grant to the eligible employees including employees of the subsidiaries of the Company and its director(s) other than a promoter or a person who belongs to the promoter group, Independent Directors(s) and Director who directly or indirectly holds more than 10% of the outstanding shares of the Company under ESOP 2018.
- ii. Number of options shall be adjusted due to any corporate action(s) such as rights issue, bonus issue, buy-back of shares, split or consolidation of shares etc. of the Company.

- iii. Each option when exercised would give the option holder a right to get one fully paid equity share of Rs.2/- each of the Company.
- iv. In cases where options, whether vested or unvested, lapse or expire or are forfeited for any reason, the Compensation Committee may re-issue the options to other eligible employees. The options so issued shall be subject to the terms and conditions of ESOP 2018.

**2. Implementation of ESOP through ESOP Trust**

The ESOP 2018 would be implemented through the ESOP Trust since it is proposed that the equity shares of the Company would be acquired from the secondary market. The Company believes that the implementation of the ESOP through secondary market acquisition is in the best interests of the Company and its shareholders and it will not cause any loss to the existing shareholders from dilution in their shareholding besides being easier and efficient in implementation. The ESOP Trust shall be authorized to acquire equity shares of the Company from the secondary market. The Company proposes to provide financial assistance to the ESOP Trust for this purpose subject to the overall limits specified under the applicable laws. In terms of the SEBI ESOP Regulations, the Compensation Committee shall delegate the administration and implementation of ESOP 2018 to the ESOP Trust.

**3. Classes of employees entitled to participate in the ESOP 2018**

Present and future, permanent employees and directors (whether whole time director or not but excluding independent directors) of the Company and its subsidiary company(ies) as may be determined by Compensation Committee from time to time, shall be eligible to participate in ESOP 2018.

The promoter, the person belonging to the promoter group or a director, who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company, shall not be eligible to participate in the ESOP 2018. Moreover, independent directors are also not eligible to participate in the ESOP 2018.

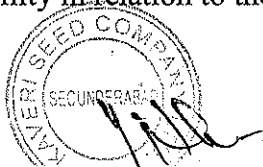
**4. Requirements of Vesting, period of Vesting and maximum period of Vesting**

The options granted shall vest so long as the employee continues to be in the employment of the Company or any of its subsidiary companies. The vesting period shall be decided by the Compensation Committee from time to time but shall not be less than one year and not more than 5 years from the date of grant of options..Vesting may happen in one or more tranches. The detailed terms and conditions for vesting will be governed by ESOP 2018.

**5. Exercise Price or pricing formula**

The exercise price shall be determined by the Compensation Committee for each grant at a discount up to 80% of the prevailing market price (closing price on the Stock Exchange having the highest trading volume, where the shares of the Company are listed) of the equity shares of the Company one day prior to the date of grant.

Employee shall bear all tax liability in relation to the options.



**6. Exercise Period and process of exercise**

The Compensation Committee shall decide the exercise period from time to time which can be extended upto four years from the vesting date(s).

The grantee can exercise the options at any time after the vesting date and during the exercise period either in full or in tranches by making full payment of exercise price and applicable taxes and by execution of such documents as may be prescribed by the Compensation Committee, from time to time.

The ESOP 2018 will also permit cashless exercise of options. When a grantee exercises the option, the corresponding shares relating to such option exercised will be sold within a reasonable time on a stock exchange on which the shares are listed and publicly traded at the time of such cashless exercise, and the grantee will be entitled to receive the difference between the selling price and the exercise price for the options exercised by him after deducting taxes payable on exercise/sale, if any, and other amounts, expenses and charges due from him (including that in connection with the sale of shares.

For the purpose of implementing the cashless exercise, the Compensation Committee shall be entitled to specify such procedures and/or mechanisms for exercise of the options as may be necessary and the same shall be binding on the grantee.

**7. Appraisal process for determining the eligibility of the employees**

The process for determining the eligibility of the employees will be specified by the Compensation Committee and will be based on various parameters, such as length of service, designation, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential etc., and such other functional and managerial parameters such as may be deemed appropriate by the Compensation Committee at its sole discretion, from time to time.

**8. Maximum number of options to be granted per employee**

The maximum number of options to be granted to an eligible employee will be determined by the Compensation Committee on case to case basis and shall be lesser than 1% (One percent) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options. .

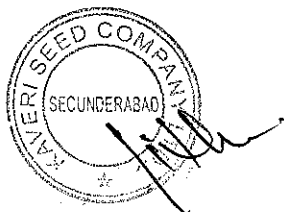
**9. Compliance with Accounting Policies**

The Company shall comply with the disclosures, the accounting policies and other requirements as may be prescribed under regulation 15 of the SEBI ESOP Regulation, and other applicable laws from time to time.

**10. Method of valuation of options**

The Company will adopt the fair value method for accounting purposes.

The Compensation Committee shall have all the powers to take necessary decisions for effective implementation of ESOP 2018. In terms of the provisions of the SEBI ESOP Regulations, the ESOP 2018 is required to be approved by the members by passing of special resolution.



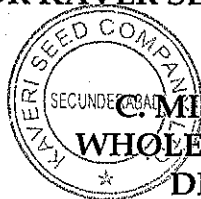
The SEBI ESOP Regulations also require separate approval of members by way of special resolution to grant stock options to the employees of subsidiary companies. Accordingly, a separate resolution under item no. 3 is proposed, to extend the benefits of ESOP 2018 to the employees of subsidiary company(ies) as may be decided by the Compensation Committee from time to time under applicable laws.

A copy of the draft ESOP 2018 will be available for inspection on all working days (Monday to Friday) between 10.00 AM to 5.00 PM from 19.06.2018 to 18.07.2018 at the Registered Office of the Company.

None of the Directors or Key Managerial Personnel of the Company including their relatives is, in any way, concerned or interested, financially or otherwise, in the proposed resolutions except to the extent of the stock options that may be granted to them under the ESOP 2018.

The Board commends passing of the resolutions as set out under Item No. 2 and 3 for approval of the members as a special resolution through Postal Ballot.

**///CERTIFIED TRUE COPY///**  
**FOR KAVER SEED COMPANY LIMITED**



**C. MITHUN CHAND**  
**WHOLETIME DIRECTOR**  
**DIN: 00764906**