EMPLOYMENT AGREEMENT with STOCK OPTIONS

This agreement lays down the terms of employment, agreed upon by the employer and employee. Whether stated explicitly in the agreement or not, both the employee and the employer have the duty of mutual confidence and trust, and to make only lawful and reasonable demands on each other.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

This EMPLOYMENT AGREEMENT (Hereinafter, the “Agreement”) is entered into on this \_\_ day of \_\_\_\_\_\_, 20\_\_ (Effective Date).

**BY AND BETWEEN**

\_\_\_\_\_\_\_\_\_\_\_\_\_, a private limited company incorporated under the Companies Act, 1956/2013, having its registered office at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (hereinafter referred to as the “Company” or “Employer”, which expression shall, unless repugnant to the meaning or context hereof, be deemed to include all permitted successors and assigns),

**AND**

Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ son/daughter/wife of Mr. \_\_\_\_\_\_\_\_\_\_\_\_ aged \_\_\_ years and residing at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(hereinafter referred to as the "Employee", which expression shall, unless repugnant to the meaning or context hereof, be deemed to include all permitted successors and assigns).

**WHEREAS,** the parties hereto desire to enter into this Agreement to define and set forth the terms and conditions of the employment of the Employee by the Company;

**NOW,THEREFORE,** in consideration of the mutual covenants and agreements set forth below, it is hereby covenanted and agreed by the Company and the Employee as follows:

1. **Interpretation**

In this agreement the following terms shall have the following meanings:

|  |  |
| --- | --- |
| * 1. **Reporting Lead** | The reporting lead shall be the immediate senior of the Employee who the Employee shall be reporting to, especially in cases of leaves and other such required permissions. |
| **b)“The Employment”** | the employment of the Employee by the Company in accordance with the terms of this agreement; |
| **c)“Termination Date”**  **d) Founder** | the date on which the Employment ceases.  The Founder shall mean the person who founded the Company, Mr. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_. |

1. **Position**
2. Upon execution of this Agreement, the employee would be posted as the \_\_\_\_\_\_\_\_\_\_\_\_ of the Company.
3. During the term period of this Agreement, the Company may change the Employee's above mentioned post (or position) or location based on the Company's production, operation or working requirements or according to the employee's working capacities and performance, including but not limited to adjustments made to the employee's job description or work place, promotion, work transfer at the same level, and demotion, etc., or adjustments made to the employee's responsibilities without any change to employee's post (or position).
4. **Term and Probation Period**
5. It is understood and agreed that the first ninety (30) days of employment shall constitute a probationary period (“Probationary Period”) during which period the Employer may, in its absolute discretion, terminate the Employee's employment, for any reason without notice or cause.
6. Section 10 of this Agreement shall come into effect only after the completion of the Probationary Period.
7. After the end of the Probationary Period, the Employer may decide to confirm the Employment of the Employee, in its sole discretion.
8. After the end of the Probationary Period, this Agreement may be terminated in accordance with Clause 17 of this Agreement.
9. **Performance of Duties**
10. The Employee agrees that during the Employment Period, he/she shall devote his/her full business time to the business affairs of the Company and shall perform the duties assigned to him/her faithfully and efficiently, and shall endeavor, to the best of his/her abilities to achieve the goals and adhere to the parameters set by the Company.
11. The Employee further promises to never engage in any theft of the Employer’s property or attempt to defraud the Employer in any manner. Nothing in this clause shall limit or prevent the Employee from serving on the board of directors of charitable organizations or other business corporations not in competition with the Company.
12. The Employee shall not be assigned duties and responsibilities that are not generally within the scope and character associated or required of other employees of similar rank and position.
13. The Employee shall work for 6 (six) days a week from Monday to Saturday.
14. **Compensation**

Subject to the following provisions of this Agreement, during the Employment Period, the Employee shall be compensated for his services as follows:

* 1. The Employee shall receive an annual salary, payable in monthly or more frequent installments, as per the convenience of the Employer, an amount of Rs. \_\_\_\_\_\_\_\_\_\_\_/- (Rupees \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ only) per month, subject to such increases from time to time, as determined by the Employer. Such payments shall be subject to such normal statutory deductions by the Employer. If the Company changes the Employee's position or location based on the Company's production, operation or working requirements, adjustments shall be made to the compensation package.
  2. During the term of this Agreement, the Employee's salary shall be paid by means of bank transfer, cheque, or any other method convenient to the Employer, and consented to by the Employee.
  3. All reasonable expenses arising out of employment shall be reimbursed assuming that the same have been authorized prior to being incurred.

1. **Obligations of the Employee**
2. Upon execution of agreement, the Employee shall not engage in any sort of theft, fraud, misrepresentation or any other illegal act neither in the employment space nor outside the premise of employment. If he/she shall do so, the Company shall not be liable for such an act done at his own risk.
3. The Employee shall always ensure that his/her conduct is in accordance with all the rules, regulations and policies of the Company as notified from time to time, including but not limited to Leave Policy and Sexual Harassment Policy.
4. The Employer hereby prohibits the Employee from engaging in any sexual harassment and the Employee promises to refrain from any form of sexual harassment during the course of employment in and around the premise of employment. If the Employee violates this term in the agreement, he shall be fully responsible for his/her actions and the Employer shall not be held responsible for any illegal acts committed at the discretion of the Employee.
5. **Holiday**
6. The Employee is entitled to ten (10) days of paid leave in a year and ten (10) sick leave in a year. In addition, the Employee will be entitled to the usual bank and public holidays.
7. The Employee may not, without the prior written consent of the Company carry forward more than 7days holiday from one holiday year to the next. Any authorized holiday that is carried forward must be used by August in the following holiday year.
8. **Assignment**
9. The Employee acknowledges that any work including without limitation product development, contributions and inventions, discoveries, designs, innovations, creations, developments, improvements, works of authorship, ideas, formulae, processes, techniques, know-how and data (whether or not patentable, and whether or not at a commercial stage, or registered under any intellectual property laws) of any kind that are conceived, created, developed, learned or reduced to practice by the Employee (either alone or jointly with others) during the period that Employee provides the Services to the Company, regardless of whether they are conceived or made during regular working hours or at the Company’s place of work, that are directly or indirectly related to the Services, result from tasks assigned to the Employee by the Company, or are conceived or made with the use of the Company’s resources, facilities or materials; including any concepts, ideas and approaches
10. developed during the term of Employment are “works made for hire” andto the fullest extent permitted by law, Employee shall assign, and does hereby assign, to the Employer all of Employee's right, title and interest in and to all Intellectual Property improved, developed, discovered or written in such works.
11. Employee shall, upon request of the Employer, execute, acknowledge, deliver and file any and all documents necessary or useful to vest in the Employer all of Employee's right, title and interest in and to all such matters.
12. **Sickness or injury**
13. In the event that the Employee is absent from work due to sickness or injury, he will inform the reporting lead as soon as possible and will provide regular updates as to his recovery, and as far as practicable will inform the reporting lead of his expected date of return to work.
14. If the Employee is absent from work due to sickness or injury for more than three consecutive days he must submit to the reporting lead a self-certification form. If such absence lasts for more than seven consecutive days the Employee must obtain a medical certificate from his doctor and submit it to the reporting lead.
15. For any period of absence due to sickness or injury the Employee will be paid statutory sick pay leave only, provided that he satisfies the relevant requirements. The Employee’s qualifying days for statutory sick pay purposes are Monday to Saturday.
16. **Stock Option Plans**

For the purpose of encouraging and rewarding the Employee’s contributions to the performance of the Company and aligning Employee’s interests with the interests of the Company’s stockholders, and as inducement material to Employee entering into the Employment Agreement with the Company, the Company, in this Agreement, has agreed to grant to Employee, options to purchase \_\_\_ shares of Company common stock, INR \_\_\_ par value per share (the “Common Stock”), as of the Effective Date on the following terms:

1. Grant of Options: The Company hereby grants to the Employee, effective as of the Effective Date, non-qualified options to purchase up to \_\_\_ shares of Common Stock on the terms and subject to the conditions set forth herein (the “Options”).
2. Exercisability and Exercise Price: The Options will become exercisable as follows:
3. The Company shall seek approval of the terms of this Agreement and the grant of the Options hereunder from the stockholders of the Company at the next annual meeting of stockholders. Notwithstanding any provision contained in this Agreement or the Employment Agreement to the contrary, none of the Options granted hereunder will become exercisable until stockholders of the Company approve the terms of this Agreement and the grant of the Options hereunder.
4. Notwithstanding the foregoing, the Options will fully vest and become immediately exercisable if Employee is terminated by the Company other than for cause (as such term is defined in the Employment Agreement) within

* Sixty (60) days prior to a Change in Control (as such term is defined in the Employment Agreement) or
* Twelve (12) months following a Change in Control; provided, however, that all such Options will terminate and become un-exercisable on the earlier of the Expiration Date or the first (1st) anniversary of the date of the Change of Control.

1. Termination of Options:
2. Unless an earlier termination date occurs as specified in this Agreement, the Options will expire and become un-exercisable (whether or not then exercisable) on the twentieth(20th) anniversary of the Effective Date (the “Expiration Date”).
3. If the Employee’s employment with the Company is terminated by the Company for Cause (as such term is defined in the Employment Agreement) prior to the Expiration Date or by the Employee for any reason other than a Constructive Termination prior to the Expiration Date:

* all Options that have not otherwise become exercisable as of the date of the termination of The Employee’s employment will immediately terminate and become un-exercisable; and
* all Options that have become exercisable will terminate and become un-exercisable on and after the date sixty (60) days following the date of the termination of The Employee’s employment.

1. Subject to sub-sub-clause b(iii) above, if The Employee’s employment with the Company is terminated for any reason other than as set forth this Agreement:

* all Options that have not otherwise become exercisable as of the date of the termination of The Employee’s employment will continue to become exercisable pursuant to sub-clause (b) above; provided, however, that such Options will terminate and become un-exercisable on the earlier of the Expiration Date or the first (1st) anniversary of the date of the termination of The Employee’s employment; and
* all Options that have become exercisable as of the date of the termination of The Employee’s employment will terminate and become un-exercisable on the earlier of the Expiration Date or the first (1st) anniversary of the date of the termination of The Employee’s employment.

1. Restrictions on Exercise: Notwithstanding anything to the contrary in this Agreement, the Options may not be exercised, and no shares of Common Stock issuable upon exercise (the “Exercise Shares”) shall be issued:
2. unless all requisite approvals and consents of any governmental authority of any kind having jurisdiction over the exercise of options shall have been secured; and
3. unless all applicable federal, state and local tax withholding requirements shall have been satisfied. The Company shall use commercially reasonable efforts to obtain the consents and approvals referred to in this Agreement so as to permit the Options to be exercised.
4. Non-Transferability of Options: None of the Options are assignable or transferable, in whole or in part, and may not, directly or indirectly, be offered, transferred, sold, pledged, assigned, alienated, hypothecated or otherwise disposed of or encumbered (including without limitation by gift, operation of law or otherwise) other than by will or by the laws of descent and distribution to the estate of the Employee upon his death, provided that the deceased Employee’s beneficiary or the representative of his estate acknowledge and agree in writing, in a form reasonably acceptable to the Compensation Committee of the Company’s Board of Directors (the “Compensation Committee”) to be bound by this Agreement as if such beneficiary or the estate were The Employee.
5. This Section shall come into effect only after the completion of the Probationary Period.
6. Manner of Exercise:
7. To the extent that the Options have become and remain exercisable as provided in sub-clauses b and c, and subject to such reasonable administrative regulations as the Compensation Committee may adopt, the Options may be exercised, by written notice to the Compensation Committee, specifying the number of Exercise Shares and the date on which the Employee intends to exercise the Options (the “Exercise Date”). On or before the Exercise Date, the Employee shall deliver to the Company full payment for the Options being exercised in cash, or cash equivalent satisfactory to the Compensation Committee, and in an amount equal to the aggregate purchase price for the Exercise Shares.
8. The Compensation Committee may require The Employee to furnish or execute such other documents as the Compensation Committee reasonably deems necessary:

* To evidence such exercise and
* To comply with or satisfy the requirements of the Securities Act of 1933, as amended, applicable state securities laws or any other law.

1. No Rights as Stockholder: The Employee will have no voting or other rights as a stockholder of the Company with respect to any shares of Common Stock covered by the Options until the exercise of such Options and the issuance of a certificate or certificates to him for such shares of Common Stock. No adjustment will be made for dividends or other rights for which the record date is prior to the issuance of such certificate or certificates.
2. Freedom to transfer shares: The Company shall have the right of first refusal, if the employee proposes to sell/transfer all or any of their shares in the Company to a third party, the employee shall at the first instance offer such shares to the Founder on the same terms as offered by such third party and in the event of the Founder not agreeing to purchase the shares so offered within a period of 60 days, the employee shall be free to sell the shares to any third party. Any transfer to a third party shall be subject to the above restrictions and the transferee shall be required to execute a deed of adherence to this effect.
3. Tag Along Rights: If at any time during the subsistence of this Agreement, the Founder proposes to sell/transfer all or any of his shares in the Company to a third party, the Founder shall also offer to allow the Employee to participate in such sale on a pro rata basis on the same terms as the Founder.
4. Dilution: On the occurrence of any event which results in the dilution of existing shareholders, the Employee shall receive the same treatment i.e. they will all get diluted in proportion to their shareholding and without exception.
5. **Non-Compete**

In order to protect the Company’s legitimate business interests, the Employee shall not participate, directly or indirectly in any business or activity that involves \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or competes with the business, proposed business or business interests of the Company within or outside the territory of India, whether as an employee, consultant, officer, director, advisor, owner, sole proprietor, investor, or partner for a period of 5 (five) years from the termination of this Agreement.

1. **Non-Solicitation**

During the Term of this Agreement and for a period of five (5) years after the termination of this Agreement, the Employee agrees not to solicit any employee, consultant, client or other persons of the Employer, without the Employer’s prior written consent. Furthermore, the employee, in any way, directly or indirectly, interfere with the relationship between any client or business counterparties or prospective clients.

1. **Confidentiality**

i. The Company owns and may develop, compile and own certain proprietary techniques, trade secrets, and confidential information, which are very valuable to the Company (collectively, “Confidential Information”). The Employee may have access to or learn Confidential Information of the Company during the Employee's performance of the Services.

ii. All records, documents, and files concerning the company shall be treated as confidential information and includes not only information disclosed by Company, but also information developed or learned by the employee during employee's performance of the Services. Company Information is to be broadly defined and includes all information, which has or could have commercial value or other utility in the business that the Company is or may be engaged in and the unauthorized disclosure of which could be detrimental to the interests of Company, whether or not such information is identified by Company.

iii. Confidential Information includes, but is not limited to, current and future product plans & specifications, technology, algorithms, prototypes, data, methods, processes, developments, designs, inventions, techniques, know-how, details of customers and business contacts, Vendor Information, business model, business plans, business process, marketing, sales or other business information, costs and resources, tools used; and all derivatives or improvements to any of the above. The terms of this Agreement shall also be part of Confidential Information.

1. **Non - Disclosure**

The Employee acknowledges that, in the course of performing and fulfilling his duties hereunder, he may have access to and be entrusted with confidential information concerning the present and contemplated financial status and other activities of the Employer, the disclosure of any of which confidential information to the competitors of the Employer would be highly detrimental to the interests of the Employer.

The Employee agrees that at all times during or subsequent to the performance of the Services, the employee will keep confidential and not disclose or cause to be disclosed, publish, disseminate or otherwise make available or use Confidential Information, except for the Employee’s own use during the term of this Agreement and only to the extent necessary to perform the Services. The Employee shall not remove or cause to remove tangible embodiments of, or electronic files containing, Confidential Information from the Company, without prior written approval of the Company.

1. **Intellectual Property**

i. The Parties agree that the Company shall have complete and sole ownership over the Work Product or Services performed by the Employee under this Agreement.

ii. The Employee shall promptly disclose in writing to the Company all works, products, contributions and inventions, discoveries, designs, innovations, creations, developments, improvements, works of authorship, ideas, formulae, processes, techniques, know-how and data (whether or not patentable, and whether or not at a commercial stage, or registered under any intellectual property laws) of any kind that are conceived, created, developed, learned or reduced to practice by the Employee (either alone or jointly with others) during the period that Employee provides the Services to the Company, regardless of whether they are conceived or made during regular working hours or at the Company’s place of work, that are directly or indirectly related to the Services, result from tasks assigned to the Employee by the Company, or are conceived or made with the use of the Company’s resources, facilities or materials; including any concepts, ideas, suggestions and approaches related thereto or contained therein (collectively, the “Innovations”).;

iii. All materials, including without limitation any documents, drawings, drafts, notes, designs, computer media, electronic files and lists, including all additions to, deletions from, alterations of, and revisions in the foregoing (together the “Materials”), which are furnished to the Employee by the Company, or which are developed in the process of performing the Services, or embody or relate to the Services or the Innovations are the property of Company, and shall be returned by Employee to the Company promptly at the Company’s request together with any copies thereof, and in any event promptly upon expiration or termination of this Agreement for any reason. The Employee is granted no rights in or to such Materials or the Innovations, except as necessary to fulfill his obligations under this Agreement.

1. **Remedies**

If at any time the Employee violates to a material extent any of the covenants or agreements set forth in this agreement, the Company shall have the right to terminate all of its obligations to make further payments under this Agreement. The Employee acknowledges that the Company would be irreparably injured by a violation of any paragraph and agrees that the Company shall be entitled to an injunction restraining the Employee from any actual or threatened breach of said paragraph or to any other appropriate equitable remedy without any bond or other security being required.

1. **Amendment and Termination**
2. The Employer may terminate the employment of the Employee at any time: for just cause at common law, in which case the Employee is not entitled to any advance notice of termination or compensation in lieu of notice;
3. In case the Employer terminates the employment without just cause, in which case the Employer shall provide the Employee with advance notice of termination or compensation in lieu of notice equal to 2 months.
4. The Employee may terminate his employment at any time by providing the Employer with at least two(2) month advance notice of his intention to resign.
5. The Employee may terminate on the last day of the month in which the date of the Employee’s death occurs; or the date on which the Company gives notice to the Employee if such termination is for Cause or Disability.
6. For purposes of this Agreement, "Cause" means the Employee's gross misconduct resulting in material damage to the Company or willful and material breach of this Agreement.
7. **Notices**
8. Any notice required to be given hereunder shall be deemed to have been properly given if delivered personally or sent by pre-paid registered mail as follows:

**To the Employee:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**To the Employer:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. And if sent by registered mail shall be deemed to have been received on the 4th business day of uninterrupted postal service following the date of mailing. Either party may change its address for notice at any time, by giving notice in writing to the other party pursuant to the provisions of this agreement.
2. **Non-Assignment**

The interests of the Employee under this Agreement are not subject to the claims of his creditors and may not be voluntarily or involuntarily assigned, alienated or encumbered.

1. **Successors**

This agreement shall be assigned by the Employer to any successor employer and be binding upon the successor employer. The Employer shall ensure that the successor employer shall continue the provisions of this agreement as if it were the original party of the first part.

1. **Indemnification**

The Employee shall indemnify the employer against any and all expenses, including amounts paid upon judgments, counsel fees, environmental penalties and fines, and amounts paid in settlement (before or after suit is commenced), incurred by the employer in connection with his/her defense or settlement of any claim, action, suit or proceeding in which he/she is made a party or which may be asserted against his/her by reason of his/her employment or the performance of duties in this Agreement. Such indemnification shall be in addition to any other rights to which those indemnified may be entitled under any law, by-law, agreement, or otherwise.

1. **Modification**

Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in writing signed by each party or an authorized representative of each party.

1. **Severability**

Each paragraph of this agreement shall be and remain separate from and independent of and severable from all and any other paragraphs herein except where otherwise indicated by the context of the agreement. The decision or declaration that one or more of the paragraphs are null and void shall have no effect on the remaining paragraphs of this agreement.

1. **Survivability**

Certain clauses in this agreement shall survive post termination or relieving of the Employee, these clauses shall be Clauses [I shall add the clauses once the changes are accepted as the numbering will change]

1. **Paragraph headings**

The titles to the paragraphs of this Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

1. **Applicable Law and Jurisdiction**

This Agreement shall be governed by and construed in accordance with the laws of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, India. Each party hereby irrevocably submits to the exclusive jurisdiction of the courts of \_\_\_\_\_\_\_\_\_\_\_, India, for the adjudication of any dispute hereunder or in connection herewith.

1. **Dispute Resolution**
2. Mediation: The Parties agree to first mediate any disputes or claims between them in good faith and resolve the disputes amicably and share the cost of mediation equally.
3. Arbitration: In the event that mediation fails, any controversy or claim arising out of or relating to this Agreement or breach of any duties hereunder shall be settled by Arbitration in accordance with the Arbitration and Conciliation Act of India, 1996. All hearings will be held in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, India and shall be conducted in English. The parties shall each appoint an arbitrator who shall then appoint a sole arbitrator to preside over the Arbitration proceedings.
4. **Counterparts**

The Agreement may be executed in two or more counterparts, any one of which shall be deemed the original without reference to the others.

**IN WITNESS WHEREOF**, the Employee has hereunto set his hand, and the Company has caused these presents to be executed in its name and on its behalf, all as of the day and year first above written.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**(Employee) (The Employer)**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Represented By:

Designation: \_\_\_\_\_\_\_\_\_\_\_\_\_\_