
EMPLOYEE STOCK OPTION PLAN**ESOP- 2016****MPHASIS LIMITED**

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1 INTRODUCTION

- 1.1 Mphasis Limited (the “**Company**”) is adopting and giving effect to this Employee Stock Option Plan 2016 (the “**ESOP Plan 2016**” or, the “**Plan**”) for incentivising, inducing, rewarding and motivating the Employees to contribute effectively towards the future growth and profitability of the Company, align the Employees towards a common objective of creating value for the Company as well as to induce the Employees to remain in the service of the Company.
- 1.2 This document sets out the features of the ESOP Plan 2016, the benefits accruing to the Employees under the ESOP Plan 2016, the duties and responsibilities of the Company, Trust and the Employees, as well as the procedures to be followed in relation to the implementation, governance and monitoring of the ESOP Plan 2016. This document shall serve as the reference for the administration of the ESOP Plan 2016. This document requires to be carefully read and understood by all stakeholders (including the relevant Employees), and the procedures prescribed herein shall be diligently observed and adhered to, for the purposes of availing the benefits under the ESOP Plan 2016.
- 1.3 This ESOP Plan 2016 will come into effect from 4 November 2016 (“**Effective Date**”), subject to receipt of any necessary approvals under applicable law.
- 1.4 The maximum number of Options to be Granted under this Plan shall not, upon Exercise, exceed 8,400,000 Shares (or such other adjusted figure for any re-organisation of capital structure undertaken in accordance with this Plan) (“**ESOP Ceiling**”).
- 1.5 The ESOP 2016 Plan is a scheme being floated by the Company for the benefit of the Employees and, in no event whatsoever, is to be considered as part of their recurring compensation package. This Plan shall not form part of any contract of employment between the Company and any Employee.
- 1.6 The ESOP Plan 2016 shall remain in force until: (a) all the Options which have been Granted have either been Exercised or have lapsed in accordance with the terms herein; and (b) all the Shares which are operating under the Options which have Vested and been Exercised (including the forfeited Options which have been reused for Grant) have been transferred by the Trust and the Trust does not hold any Shares. The ESOP Plan 2016, if required, may be closed by the Board of Directors prematurely, provided there are no Options outstanding under the Plan. In the event the shares of the Company are delisted from all stock exchanges, then the Compensation Committee will formulate the manner in which this Plan should be applied going forward and shall make appropriate recommendations in this regard to the Board for consideration.

2. DEFINITIONS

2.1 Definitions

In this Plan:

“**Administering Agency**” means any business consulting or management consulting or similar agency appointed by the Company or the Compensation Committee for assisting the Compensation Committee and/or the Trust in administering this Plan;

“**Board of Directors**” or “**Board**” means the board of directors of the Company, as reconstituted from time to time;

“**Company**” means Mphasis Limited, a company incorporated under the Companies Act 1956 having its

registered office at Bagmane World Technology Center, Marathahalli Outer Ring Road, Doddanakhundi Village, Mahadevapura, Bangalore 560 048, India;

“Compensation Committee” means the ESOP compensation committee constituted by the Board of Directors from time to time, by whatever name called, in accordance with applicable law and the terms set out under this Plan;

“Date of Grant” means the date on which the Compensation Committee (or, with respect to Employees who are non-executive Directors, the Board) decides to make a Grant to identified Employees under the ESOP Plan 2016, and such date shall be specified in the Grant Letter issued to such Employee;

“Directors” means the directors appointed to the Board from time to time in accordance with applicable law, and the term **“Director”** shall be construed accordingly;

“Effective Date” means 4 November 2016;

“Employees” means such persons who are identified by the Compensation Committee (or, with respect to Employees who are non-executive Directors, the Board) as being beneficiaries of the ESOP 2016 Plan, including the employees who are:

- (a) permanent employees, whether in India or outside India, of the Company; or
- (b) a director of the Company, whether whole time or not, but excluding Independent Directors; or
- (c) an employee as defined in (a) or (b) above of a subsidiary of the Company;

but shall exclude:

- (i) an employee who is a Promoter or belongs to the Promoter Group; and
- (ii) a director who either by himself or through his relatives or through any body corporate, directly or indirectly, holds more than ten per cent. (10%) of the outstanding equity shares of the Company;

“Employee Stock Option Plan 2016” or the **“Plan”** or the **“ESOP Plan 2016”** means this Employee Stock Option Plan 2016 of the Company and shall include any alterations, amendments, modifications, or variations made thereto from time to time by the Company;

“ESOP Ceiling” has the meaning given to it in Clause 1.4 (*Introduction*);

“ESOP Grantee” means an Employee to whom Options have been Granted pursuant to the ESOP Plan 2016;

“ESOP Shares” means the equity shares of the Company to be issued upon the exercise of the Options granted under the ESOP Plan 2016, and **“ESOP Share”** shall be construed accordingly;

“Exercise” means the making of an application pursuant to the delivery of an Exercise Notice by an Employee to the Trust for the issue of Shares against the Vested Options pursuant to the ESOP Plan 2016 accompanied by the Exercise Consideration, and **“Exercising”** shall be construed accordingly;

“Exercise Consideration” mean the amount being paid by an Employee to the Trust as consideration for

the Exercise of the Vested Options, being equivalent to the product of the Exercise Price and the number of Vested Options being Exercised;

“Exercise Notice” means the written notice issued by an ESOP Grantee to the Trustee (in such form as prescribed by the Compensation Committee from time to time) for Exercising such number of Vested Options as such Employee may deem fit, but subject to the provisions of Clause 6 (*Exercise*), and such Exercise Notice shall mandatorily contain the following: (a) the number of Vested Options being Exercised; (b) the demat account details of the Employee, including the DPID and the Client ID; (c) the Exercise Consideration; and (d) the amount of tax being tendered pursuant to Clause 13.1 (*Tax Liability*), as applicable;

“Exercise Period” means the time period which is sixty (60) months from the date of Vesting in accordance with the Vesting Schedule, within which the Employee may exercise the right to apply for Shares against the Vested Options;

“Exercise Price” means the Market Price subject to a discount of up to twenty per cent. (20%) as may be determined by the Compensation Committee at the time of Grant, being the price per Option payable by an Employee upon Exercising an Option which has been Granted pursuant to the ESOP Plan 2016, as set out in the relevant Exercise Notice;

“Grant” means the issue of the Options to an eligible Employee under the ESOP Plan 2016, and **“Granted”** shall be construed accordingly;

“Grant Letter” means the letter of grant in such form as may be determined by the Compensation Committee (or, with respect to Employees who are non-executive Directors, the Board) from time to time and shall, mandatorily, contain the following details: (a) name of the Employee; (b) number of Options being Granted; (c) the Date of Grant; (d) the Vesting Schedule with the respective Vesting Dates; (e) the Exercise Period; and (f) the Exercise Price of the each Option;

“Independent Directors” means an independent director of the Company as defined under the Companies Act, 2013;

“Market Price” means the closing price of the Shares on the trading day immediately preceding the Date of Grant, as traded on the stock exchange where maximum volume of trading in the Shares is recorded on the trading day immediately preceding the Date of Grant;

“Nominee” or **“Nominees”** means any of the parents, spouse, any child, brother or sister of the Employee or any other person nominated by the Employee under the ESOP Plan 2016 who will be eligible to exercise the Options granted to an Employee upon the death of such Employee;

“Options” means the option granted to the Employees to exercise the right to receive Shares offered by the Company at the Exercise Price from the Trust;

“Promoter” has the meaning given to it under the SEBI (Issue of Capital and Disclosures Requirements) Regulations, 2009;

“Promoter Group” has the meaning given to it under the SEBI (Issue of Capital and Disclosures Requirements) Regulations, 2009;

Provided where the promoter or promoter group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such company.

“SEBI Regulations” means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended or replaced from time to time and the guidelines issued thereunder;

“Share” means an equity share of the Company and such other security of the Company which is convertible into an equity share of the Company, and **“Shares”** shall be construed accordingly;

“Trust” means the Mphasis Employees Equity Reward Trust, being established under the Indian Trust Act, 1882 for administering the ESOP Plan 2016 for the benefit of the Employees;

“Trustee” mean the trustees appointed by the Board of Directors to administer the Trust from time to time;

“Vested Option” means an Option which has Vested in accordance with the Vesting Schedule;

“Vesting” means, with respect to a relevant Option, the event occurring immediately upon the expiry of the relevant periods under the Vesting Schedule, from which point of time the Employee secures the right to apply for a Share against such Option granted pursuant to the ESOP Plan 2016, and **“Vest”** shall be construed accordingly;

“Vesting Date” has the meaning given to it in Clause 5.1; and

“Vesting Schedule” has the meaning given to it in Clause 5.1.

All other terms in this ESOP Plan 2016, unless defined herein, shall have the same meaning as given to them under the SEBI Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 or any statutory modification or re-enactment thereof, as the case may be.

2.2 Interpretation

In this ESOP Plan 2016, unless the context otherwise requires:

- (a) References to **“include”** or **“including”** are to be construed without limitation.
- (b) References to a **“company”** include any company, corporation or other body corporate wherever and however incorporated or established.
- (c) The expressions **“body corporate”**, **“holding company”** and **“subsidiary”** shall have the respective meaning given in the Companies Act, 2013 (as amended).
- (d) The table of contents and headings are inserted for convenience only and shall not affect the construction or interpretation of the ESOP Plan 2016.
- (e) Unless the context otherwise requires, words in the singular include the plural and vice versa, and a reference to any gender includes all other genders.

- (f) References to Recitals, Clauses, Appendices, Annexures, Paragraphs, Preamble and Schedules are to recitals, appendices and annexures to, and clauses, paragraphs, preamble and schedules of the ESOP Plan 2016, all of which form an integral part of the ESOP Plan 2016.
- (g) References to any statute or statutory provision includes a reference to that statute or statutory provision as amended, consolidated or replaced from time to time (whether before or after the date of the ESOP Plan 2016) and includes any subordinate legislation made under the relevant statute or statutory provision.

3. COMPENSATION COMMITTEE

- 3.1 The Compensation Committee shall consist of such number of persons as may be determined by the Board from time to time, provided that: (a) the members shall be appointed from amongst the Directors; and (b) the constitution of the Compensation Committee shall be in accordance with applicable law.
- 3.2 The Board shall, at its sole discretion, have the power to appoint any Director as a member of the Compensation Committee and to remove or replace any such Director so appointed. Any such appointment and/or removal shall be made pursuant to a resolution of the Board.
- 3.3 The Compensation Committee shall be entitled to invite any person to attend its meetings and participate in the discussions and deliberations, provided that such person(s) shall be under a legally binding obligation to keep all documents, deliberations and decisions made in such meetings as confidential, and provided further that no such person shall have any right or authority to vote in such a meeting.
- 3.4 The Compensation Committee, in the exercise of its powers, may require the Company to furnish any information and/or seek the assistance of any employee of the Company as it may deem fit to effectively discharge its duties.
- 3.5 The Compensation Committee shall be entitled to meet (either physically or by way of any audio-visual or telephonic means or by way of passing resolutions by circulation, each in accordance with applicable law) as and when necessary to administer this Plan and to undertake all acts, deeds and things in relation to the administration, supervision and implementation of this Plan strictly in accordance with the terms hereunder and/or as may be directed by the Board from time to time. In addition, the Compensation Committee shall be entitled to formulate the detailed terms and conditions of the ESOP Plan 2016 from time to time in relation to the following:
 - (a) frame rules, regulations and procedures (which rules, regulations and procedures shall be subject to the prior approval of the Board) and prescribe forms and issue, or authorise any person to issue, circulars or orders (pursuant to such rules, regulations and/or procedures) in relation to the ESOP Plan 2016 and may, from time to time, amend recall or replace such rules, regulations, procedures (any amendment to such rules, regulations and procedures being subject to the prior approval of the Board), forms, orders and circulars;
 - (b) formulate the criteria for identifying Employees to whom the Options are to be Granted, and such criteria shall be subject to the prior approval of the Board;
 - (c) grant an extension of time for the exercise of the Options upon a specific request made by the concerned Employee;

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- (d) formulate 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 issue, bonus issue, sub-division, consolidation, merger, sale of division and other corporate actions in accordance with applicable law;
 - (e) formulate a policy for Grant, Vesting and Exercise of Options in case of Employees who are on long leave;
 - (f) the re-allocation of unexercised and forfeited Options;
 - (g) determine the method for contentment of any tax obligation arising in connection with the Options or Shares issued pursuant to Plan;
 - (h) delegate all or any of its administrative powers to one or more officers of the Company and/or to one or more sub-committees;
 - (i) formulate a policy of dealing with the unappropriated inventory of Shares being held by the Trust, if any;
 - (j) frame suitable policies, procedures and systems to ensure that there are no violations of: (1) the Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and (2) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 2003, by any Employee and by the Trust.
- 3.6 In case of any dispute relating to the interpretation of the terms and conditions of the Plan, the decision of the Compensation Committee will be final and binding on the Employees.
- 3.7 The Company and/or the Compensation Committee may appoint an Administering Agency for assisting the Compensation Committee and/or the Trust in the administration of the ESOP Plan 2016 in such manner as determined by the Compensation Committee.
- 3.8 No member of the Compensation Committee shall be personally liable for any decision or action taken in good faith with respect to administration of the Plan.

4. GRANT AND ACCEPTANCE

- 4.1 The Compensation Committee shall, from time to time, have the power to make a Grant to Employees other than non-executive Directors by determining the following parameters: (a) identifying the Employees (other than non-executive Directors) who should be Granted the Options in accordance with the provisions of this ESOP Plan 2016; (b) the number of Options to be Granted to such identified Employees; (c) the Date of Grant; (d) the Exercise Price; and (e) any additional terms and conditions which should be applicable to such Grant and the related Vesting and Exercise, provided that the Board may, from time to time, set limits on the maximum number of Options within the ESOP Ceiling which may be Granted by the Compensation Committee at any particular time period, and the Compensation Committee shall not Grant any Options in breach of such limits set by the Board.
- 4.2 The Board shall, from time to time, have the power to make a Grant to Employees who are non-executive Directors by determining the following parameters: (a) identifying the Employees (being non-executive Directors) who should be Granted the Options in accordance with the provisions of this ESOP Plan 2016;

(b) the number of Options to be Granted to such identified Employees; (c) the Date of Grant; (d) the Exercise Price; and (e) any additional terms and conditions which should be applicable to such Grant and the related Vesting and Exercise, which parameters shall be communicated to the Compensation Committee by the Board and the Compensation Committee shall proceed to Grant such Options in the manner determined by the Board in accordance with the terms of this Plan.

- 4.3 The Compensation Committee shall issue a written intimation to the Trustee setting out the following details of the Grant: (a) the particulars of such identified Employee(s); (b) the number of Options to be Granted; (c) the Date of Grant; (d) the Exercise Price at which such Options, upon Vesting, shall need to be Exercised; and (e) any additional terms and conditions which shall be applicable to such Grant and the related Vesting and Exercise.
- 4.4 The Trust, through the Trustee, shall have the powers to implement the Grant by issuing the Options under the ESOP Plan 2016 to the Employees identified by the Compensation Committee (and on the terms set out by the Compensation Committee in the written intimations issued under Clause 4.1) from time to time during the subsistence of this Plan. The Trust shall issue such Options only after making adequate disclosures as may be required under the SEBI Regulations to the proposed Employees and after issuing a Grant Letter.
- 4.5 The maximum number of Options to be Granted to an Employee shall not, upon Exercise, exceed one per cent. (1%) of the Shares outstanding as on the Effective Date.
- 4.6 A Grant shall not be valid if, at the time of the Grant, the Employee is under a notice of termination of employment or engagement by the Company (and/or its subsidiaries, as relevant).
- 4.7 Subject to clauses 7.1(b) and 7.1(c), the Options Granted shall be locked-in for a period of one (1) year from the Date of Grant, after which the Options shall be eligible for Vesting in accordance with the Vesting Schedule.
- 4.8 The Company shall follow the fair value method for the valuation of the Options, or such other method as may be determined by the Compensation Committee.

5. VESTING

- 5.1 Subject to Clause 5.3, the Options Granted to an Employee shall Vest, in equal proportions or such other proportion as may be determined by the Compensation Committee at the time of Grant, on the first (1st), second (2nd), the third (3rd), the fourth (4th) and the fifth (5th) anniversary of the Date of Grant (such respective anniversaries, the “**Vesting Date**” and such schedule of Vesting, the “**Vesting Schedule**”).
- 5.2 It is clarified that a particular Vesting, as on a Vesting Date, shall be invalid (and the Options subject to such Vesting shall lapse) if the Employee is not in service of the Company (and/or the relevant subsidiary), either as a Director or an employee, as relevant, as on the Vesting Date.
- 5.3 In the event there is any ongoing investigation or proceeding against the ESOP Grantee in connection with or relating to: (a) breach by the relevant Employee of his/her service contract, other contract of employment, any confidentiality or any non-competition agreement with the Company and/or its subsidiaries, as relevant; (b) any act of dishonesty, fraud or misrepresentation or similar misconduct on the part of the Employee with respect to any of the Company and/or its subsidiaries; (c) any willful misfeasance or willful misconduct or other act or omission which is detrimental to the Company’s and/or

its subsidiaries' businesses or reputation; (d) breach by the Employee of the Company's policy on the prevention of sexual harassment at workplace; or (e) act or acts constituting a criminal offence under applicable law, other than minor traffic offences (not involving a custodial sentence), then no Options Granted to such ESOP Grantee shall either Vest or be eligible to be Exercised until such investigation or proceeding has concluded and a final determination in such matter has been made, unless otherwise determined by the Board or the Compensation Committee in its sole discretion.

6. EXERCISE

- 6.1 Subject to the terms and conditions of Clause 5.3 and this Clause 6, as on a particular Vesting Date in accordance with the Vesting Schedule, and fulfilment of the relevant conditions to Vesting, the ESOP Grantee shall have the right to Exercise the Vested Options (either in full or in tranches) at any time during the Exercise Period (subject to Clause 7.1) and acquire the corresponding Shares from the Trust.
- 6.2 An amount equivalent to the Exercise Consideration shall be payable by the Employees at the time of Exercise of the Vested Options.
- 6.3 The ESOP Grantees may Exercise the Vested Options by sending one or more Exercise Notices to the Trustee at any time during the Exercise Period (subject to Clause 7.1) along with the payment of the Exercise Consideration, subject to the compliance with the formalities prescribed under this Plan.
- 6.4 Upon receiving an Exercise Notice, the Trustee shall apply to the Compensation Committee to cause the Company to issue and allot an appropriate number of Shares to the Trust, such that the Trust is able to transfer these Shares to the Employee(s) who issued the Exercise Notice against the Vested Options being Exercised. Upon receiving such an application from the Trustee, the Compensation Committee shall make all necessary and diligent enquiries with respect to such application and, upon being satisfied with the veracity of the Exercise Notices received by the Trustee, shall proceed to take such actions to cause the Company to issue the appropriate number of Shares arising out of the Exercise to the Trust and, for so long as the shares of the Company are listed on a stock exchange, shall take (and shall cause the Company to take) such steps so as to make appropriate listing applications to the relevant stock exchanges in accordance with Clause 17 with respect to such Shares being issued and allotted to the Trust. Upon the Shares being issued and allotted to the Trust, the Trustee shall promptly take all corporate actions so as to transfer the relevant number of Shares to the relevant ESOP Grantee against the Vested Options being Exercised by such Employee.
- 6.5 Options which have Vested and not been Exercised by the ESOP Grantees within the relevant Exercise Period shall lapse immediately upon the expiry of such Exercise Period.
- 6.6 Notwithstanding anything contained elsewhere in this Plan, the Compensation Committee:
 - (a) if the Exercise of the Vested Options within the Exercise Period is prevented by any applicable law or regulation in force or pursuant to an order of any jurisdictional court, may defer or not permit the Exercise of the Vested Options so long as it is prohibited by applicable law or regulation and, in such an event, the Company shall not be liable to pay any compensation or similar payment to the ESOP Grantee for any loss suffered due to such prohibition and the Exercise Period shall stand extended by such period but not beyond the tenure of the Plan; and
 - (b) shall have the power to cancel all or any of the Options which have been Granted under the Plan, if so required, under any applicable law for the time being in force or pursuant to an order

of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the ESOP Grantee for such cancelled Options.

- 6.7 The Compensation Committee may approve a cashless system of exercise for the Options Granted under this Plan. The cashless system of exercise will be through the Trust and shall be subject to the terms and conditions as set out by the Compensation Committee under this Plan.

7. DISCONTINUATION OF SERVICE

- 7.1 If, at any time, an Employee either: (x) has ceased to be employed by the Company (or any of its subsidiaries); or (y) is under notice (whether given or received) (such Employee, a “**Leaver**”), then:

- (a) in case the Leaver is categorised as a Good Leaver, then all Options which have not Vested as on the Cessation Date shall lapse and such Leaver shall be entitled to Exercise all Vested Options within six (6) months from the Cessation Date;

However, notwithstanding any other provisions of the Plan, where the Leaver is a Good Leaver on account of retirement or superannuation, in accordance with the rules of the Company, the Compensation Committee may, at its discretion and having regard to services of the Leaver, approve vesting of the Options, either in full or otherwise, which were granted to the Leaver and are otherwise not vested. Upon approval of the Compensation Committee, such approved unvested Options shall vest on the date of retirement/superannuation and Leaver shall be entitled to exercise all such vested Options within six (6) months from the Cessation Date.

- (b) in the event of death of a Leaver in the course of employment of the Company and/or its subsidiaries or her/his Directorship, all the Options which have been Granted to such Employee under the Plan until the date of death shall vest in the legal heirs or nominees of the deceased Leaver, provided that such Vested Options shall need to be Exercised at the same time within six (6) months of Vesting, failing which such Vested Options shall mandatorily lapse;
- (c) in case the Leaver is categorised as a Permanent Disability Leaver, then all Options which have been Granted to such Leaver as on the date of Permanent Disablement shall Vest on the date of Permanent Disablement, provided that such Vested Options shall need to be Exercised at the same time within six (6) months of Vesting, failing which such Vested Options shall mandatorily lapse; or
- (d) in case: (i) a Leaver is categorised as a Bad Leaver; or (ii) a Leaver is declared insolvent or bankrupt, then all outstanding Options which have been Granted (regardless of whether they have Vested or not) to such Leaver shall lapse.

- 7.2 For the purposes of this Clause 7:

“**Bad Leaver**” means an Employee who is a Leaver as a result of: (a) dismissal for Cause; (b) voluntary resignation from the employment with the Company by the Employee, unless such resignation qualifies the Employee to be designated as a Good Leaver; or (c) being designated as a Bad Leaver as set out under the proviso of the definition of “**Good Leaver**”;

“**Cause**” means: (a) breach by the relevant Employee of his/her service contract, other contract of employment, any confidentiality or any non-competition agreement with the Company and/or its subsidiaries, as relevant; (b) any act of dishonesty, fraud or misrepresentation or similar misconduct on

the part of the Employee with respect to any of the Company and/or its subsidiaries; (c) any willful misfeasance or willful misconduct or other act or omission which is detrimental to the Company's and/or its subsidiaries' businesses or reputation; (d) act or acts constituting a criminal offence under applicable law, it being agreed that minor traffic offences (not involving a custodial sentence) will not constitute Cause under this clause (d); (e) significant underperformance by the Employee, of her/his identified performance objectives, as decided by the Board and/or the Compensation Committee; (f) breach by the relevant Employee, as determined by the Company, of the Company's policy on the prevention of sexual harassment at workplace, in force from time to time; or (g) any other act which would permit summary dismissal under applicable law or employment terms;

"Cessation Date" means the earliest date on which an Employee either ceases to be an employee or a director and who does not begin or continue otherwise to provide services to the Company and/or any of its subsidiaries or commences his notice period or any period of gardening leave;

"Good Leaver" means an Employee who is a Leaver as a result of: (a) retirement at the retirement age under terms of employment or retirement pursuant to a voluntary retirement scheme floated by the Company from time to time; (b) ill-health preventing continued employment, as determined by the Compensation Committee based on a certificate of one or more medical experts identified by the Compensation Committee; (c) redundancy; (d) dismissal, including constructive dismissal, other than for Cause; (e) voluntary resignation from the employment with the Company by the Employee (provided that if there is an ongoing investigation or proceeding against such Employee as on the Cessation Date in connection with or relating to an event of Cause, then such Employee shall not be a Good Leaver unless the Compensation Committee specifically designates such Employee as a Good Leaver); or (f) for any other reason, if the Compensation Committee so decides, provided that an Employee who is a Good Leaver at the Cessation Date may be characterised as a Bad Leaver if after the Cessation Date the Employee breaches the terms of any confidentiality or non-compete, non-solicit, non-disparagement provisions of his employment contract or any other agreement between him and the Company (or any of its subsidiaries) from time to time; and

"Permanent Disability" means disability of any nature suffered by an Employee in the course of his employment with the Company (or its subsidiaries, if applicable), or his Directorship, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Compensation Committee based on a certificate of one or more medical experts identified by the Compensation Committee, provided such permanent disability was not self-inflicted (including through substance or alcohol abuse);

"Permanent Disability Leaver" means an Employee who is a Leaver as a result of Permanent Disability.

- 7.3 It is clarified that the date of the termination of employment of an ESOP Grantee shall be the date of termination of the employment specified by the Company in the letter of termination issued by the Company to such ESOP Grantee.

8. OTHER CONDITIONS

- 8.1 Options which have been Granted to an Employee shall not be transferable to any other person.
- 8.2 No person other than the Employee to whom the Option is Granted shall be entitled to Exercise the Option, except in case of a deceased Employee or an Employee suffering from Permanent Disability in accordance with the provisions of this Plan.

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- 8.3 The Options granted to an Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.
- 8.4 Each of the Trust and the Trustee shall (and the Trustee shall cause the Trust to) abide by the provisions of this Plan, the provisions of all policies formulated by the Compensation Committee pursuant to this Plan as well as all directions, notifications and communication from the Compensation Committee and/or the Board in relation to the provisions of this Plan and/or policies promulgated under this Plan, and the Trust shall not, in any manner whatsoever, deviate from the Plan, such policies, or any such directions, notifications and communication without the prior approval of the Compensation Committee and/or the Board.

9. MISCELLANEOUS

- 9.1 With respect to a ESOP Grantee, for the Options which have not Vested or for the Options which have Vested but have not been Exercised by the ESOP Grantee, in case of any changes made to the equity share capital of the Company by reason of any corporate action such as consolidation, sub-division, or conversion of shares into stock or by capitalisation by bonus issue or in any other manner, appropriate adjustments to the extent permissible under applicable law for the time being in force may be made either to the number or the Exercise Price of Options granted, to reflect such change without in any way affecting the rights of the relevant ESOP Grantees or diluting or enlarging the benefits of the ESOP Plan 2016. It is clarified that such ESOP Grantees shall not have a right to participate in any further issuance of Shares including pursuant to rights issue or a preferential issuance.
- 9.2 In the event of a re-organisation of the Company either by corporate action, merger, amalgamation, acquisition or otherwise, the rights of the ESOP Grantees shall be altered in the same way as the other shareholders of the Company. In case of absence of any such corresponding employee benefit scheme (comparable to this Plan) in the resulting company, the amalgamating companies shall have the right to give effect to this Plan under the merger process for the benefit of the ESOP Grantees.
- 9.3 Neither an ESOP Grantee, nor successors in interest, shall have any of the rights of a shareholder of the Company with respect to the Options granted, until the Company, on the Exercise of Options, transfers Shares in the name of the ESOP Grantee.
- 9.4 For so long as this Plan is in operation, the Employee shall not utilise or disclose any unpublished information or indulge in insider trading and shall be solely responsible for ensuring full compliance with all applicable laws, including the SEBI Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Foreign Exchange Management Act, 1999 or the Companies Act, 2013.
- 9.5 The ESOP Grantee shall not divulge or disclose any details of the ESOP Plan 2016 to, or discuss such details with, any person, except with the prior permission of the Company obtained in writing, including information relation to Options Granted, the Exercise Price, the terms of the Grant, the Vesting Schedule, the Exercise Period and any other information relating to the commercial, legal or administrative aspect of the ESOP Plan 2016.

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- 9.6 The Shares received *in lieu* of the Options shall rank *pari passu* with the then existing equity shares of the Company and shall be subject to the Memorandum and Articles of Association of the Company.
- 9.7 The Employees who receive Shares by virtue of Exercise of the Options issued under this Plan shall be entitled to receive all regular benefits of the shareholders of the Company, including receiving like dividends and bonus shares, if any, announced by the Company from the date of transfer of Shares to the Employees' name.
- 9.8 The existence of the Plan and the Grants made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the Company to make or authorise any change in the capital structure of the Company, including any further issue of equity or debt or other securities having any priority or preference with respect to the Shares or the rights thereof.

10. APPOINTMENT OF NOMINEE

- 10.1 The ESOP Grantee may appoint any relative (as defined under the Companies Act, 2013) (with no prior criminal record and who has, as on the date of nomination, never faced any investigation or enquiry or charge-sheeted before a court of competent jurisdiction for act or acts constituting a criminal offence under applicable law, barring minor traffic offences (not involving a custodial sentence)) as nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of this Plan. The ESOP Grantee shall have the right to revoke such nomination at any time and a fresh nomination may be made upon such revocation, provided that such nomination shall automatically stand revoked and void *ab initio* in the event such nominee is designated as an accused in any investigation or enquiry or charge-sheet before a court of competent jurisdiction for act or acts constituting a criminal offence under applicable law, barring minor traffic offences (not involving a custodial sentence).
- 10.2 In the event of death of the ESOP Grantee, the nominee specified as aforesaid shall alone be entitled to exercise the rights of the ESOP Grantee concerned and the Company shall not be liable in relation to any rights and obligations amongst the legal heirs *inter se* the ESOP Grantee is concerned.
- 10.3 Where the ESOP Grantee has not made the nomination as above, then the person appointed as nominee by the ESOP Grantee under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 shall be deemed to be the nominee for the purposes of this Plan.
- 10.4 If the ESOP Grantee fails to make a nomination as mentioned in this Clauses 10.1 to 10.3, the Options shall vest on legal heirs in the event of her/his death.

11. GOVERNMENT REGULATIONS

- 11.1 This Plan shall be subject to all applicable laws, rules, regulations, notifications and to such approvals from any governmental agencies as may be required under applicable law. The Grant of Options under this Plan shall entitle the Company to require the employees to comply with such requirements.

12. GENERAL RISKS

- 12.1 Participation in this Plan shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment are that of the ESOP Grantee alone.

13. TAX LIABILITY

- 13.1 In the event of any tax liability arising on account of the Grant, Vesting or the Exercise of the Options and/or upon the transfer of the Shares to the ESOP Grantee, such liability shall be that of such ESOP Grantee alone and shall be borne and paid by the ESOP Grantee at the time of Exercise of Options or within such time as may be prescribed under applicable law. The ESOP Grantee shall indemnify the Company against any tax or other liabilities that may be imposed on the Company on account of the Grant, Vesting or the Exercise of the Options and/or upon the transfer of the Shares to the ESOP Grantee in such form as may be prescribed by the Compensation Committee. The Company shall have the power to collect or recover such taxes from the ESOP Grantee.
- 13.2 All the tax liabilities arising on disposal or transfer of Shares by the ESOP Grantees after Exercise of Options shall be borne by the ESOP Grantee directly.
- 13.3 If the Company (or any of its subsidiaries) incurs any taxation liability pursuant to the Exercise of a Vested Option, then the Company shall be entitled to either deduct the same from the salary of such ESOP Grantee or to sell or procure the sale of such number of Shares (being otherwise transferred to the ESOP Grantee pursuant to the Exercise) so as to ensure that the relevant entity incurring the tax liability receives an amount which is sufficient to discharge the tax liability of such entity.

14. ALTERATION OF THE PLAN

- 14.1 The Compensation Committee may, pursuant to an approval of the shareholders of the Company by special resolution passed at a general meeting, at any time and from time to time revoke, add to, alter, amend or vary all or any of the terms and conditions of this Plan as approved by the shareholders, provided that no variation, alteration, addition or amendment to this Plan may be made if it is detrimental to the interest of the ESOP Grantee.

15. SUBSEQUENT PLANS

- 15.1 Nothing contained in the Plan shall be construed to prevent the Company from implementing any other subsequent plan for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest.
- 15.2 The Company reserves the right to carry forward the lapsed, unexercised and forfeited Options to a new plan.
- 15.3 No Employee or other person shall have any claim against the Company as a result of such action.

16. SEVERABILITY

- 16.1 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.
- 16.2 In the event that any term, condition or provision of this Plan being held to be a violation of any applicable law, statute or regulation, the same shall be severable from the rest of this Plan and the remaining part of the Plan shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Plan.

17. LISTING OF SHARES

- 17.1 The Shares to be issued and allotted under the Plan shall, where required, be notified immediately upon Exercise in/to the recognised stock exchange(s) where the securities of the Company are listed.
- 17.2 The Company shall comply with all other requirements prescribed by the stock exchanges for Exercise of the Options by the ESOP Grantees and implementation of this Plan.

18. ARBITRATION

- 18.1 All disputes arising out of or in connection with the Plan or the Grant shall be referred to for arbitration to a single Arbitrator to be appointed by the Compensation Committee. The arbitration proceedings shall be in accordance with the Arbitration Rules of the Singapore International Arbitration Centre. The place of Arbitration shall be Bangalore, India.

19. APPLICABILITY OF THE SEBI REGULATIONS

- 19.1 All amendments made from time to time to the SEBI Regulations, insofar as they apply to this Plan, shall automatically form a part of this Plan. The Board is authorised to give effect to such amendments in the text of this Plan.

20. RE-PRICING

- 20.1 Subject to the approval of the shareholders of the Company, the Compensation Committee is authorised, as set out under the SEBI Regulations, to re-price the Options which are not Exercised, whether or not they have been Vested, if the Options were rendered unattractive due to a fall in the price of the Shares of the Company in the market.
- 20.2 Such re-pricing shall be applicable to all outstanding Options which are Granted on specific Date of Grant.
- 20.3 Such re-pricing shall not be detrimental to the interests of the Employees.

21. CONTRACT OF EMPLOYMENT

- 21.1 This Plan shall not form part of any contract of employment between the Company and the Employee. The rights and obligations of any Employee under the terms of office or employment with the Company shall not be affected by participation in this Plan or vice versa.
- 21.2 Nothing in this Plan shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

This Plan is purely at the discretion of the Company (represented by the Board and the Compensation Committee).