

**Spandana Sphoorty Financial Limited (Spandana)**  
**Spandana Employee Stock Option Plan 2018**

**SPANDANA SPHOORTY FINANCIAL LIMITED**  
**SPANDANA EMPLOYEE STOCK OPTION PLAN 2018**

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## **1 Name of the Plan**

This Plan shall be termed as Spandana Employee Stock Option Plan 2018 (“**Plan or ESOP 2018**”). The Plan has been approved by a special resolution passed on June 14, 2018 at the General Meeting of the Company. The Plan shall be effective from June 14, 2018 herein after referred to as the “**EffectiveDate**”.

The approval of shareholders by way of separate resolution passed on June 14, 2018 has been obtained by the Company in order to grant Options to Employees of the Subsidiary Companies and the Holding Company of the Company.

This document sets out the terms and conditions of the Plan.

## **2 Purpose of the Plan**

Spandana Sphoorty Financial Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No 31 & 32, Ramky Selenium Towers, Ground Floor, Nanakramguda, Gachibowli, Hyderabad – 500032, Telangana, India (“**Company**”) has structured this Plan for its Employees and employees of its Subsidiary Companies

The objectives / purpose of this Plan are as under:

- a) To drive performance of its Employees and employees of its Subsidiary Companies.
- b) Providing sense of ownership and participation to its Employees and employees of its Subsidiary Companies
- c) Align employee interest with shareholder interests
- d) Retention of key employees
- e) To attract new talent
- f) Wealth creation for employees.

Further, any Scheme notified by the Plan will be implemented, for and on behalf of and at the request of the Subsidiary Companies and the Holding Company (as defined under the Companies Act, 1956/ Companies Act, 2013) of the Company, for the employees of the Subsidiary Companies of the Company.

These objectives / purpose is sought to be achieved through the Grant of Options to Employees and employees of its Subsidiary Companies.

## **3 Definitions**

In this Plan, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against:

- 3.1 “**Abandonment**” means discontinuation of employment by a Grantee without giving notice or without serving the notice period;
- 3.2 “**Acceptance Form**” shall mean the form that the Grantee has to submit indicating his acceptance of the offer made to him to participate in the Plan and/ or any Notified Scheme(s) under the Plan within the prescribed time limit specified in the respective Scheme(s);
- 3.3 “**Applicable Laws**” shall mean all applicable laws, bye-laws, statues, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgments, decrees or other requirements or official directive of any court of

competent authority or of any competent Governmental Authority or Person acting under the authority of any court of competent authority or of any competent Governmental Authority of the Republic of India, whether in effect on the date of this Plan or thereafter. 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;

- 3.4 “Beneficiary” or “Nominee” means the person or 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 or probate 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;
- 3.5 “Bad Leaver” shall have meaning as defined in the HR Policy of the Company;
- 3.6 “Board” means the Board of Directors of the Company;
- 3.7 “Cause” shall have meaning as understood from the HR Policy of the Company;
- 3.8 “Closing Date” means the last date on which the offer 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 following working day;
- 3.9 “Company” shall mean Spandana Sphoorty Financial Limited, a company incorporated and registered under the Companies Act, 1956 / Companies Act, 2013 having its registered office at Plot No 31 & 32, Ramky Selenium Towers, Ground Floor, Nanakramguda, Gachibowli, Hyderabad – 500032, Telangana, India;
- 3.10 “Committee or Nomination and Remuneration Committee” means the nomination and remuneration committee constituted by the Board in accordance with Section 178 of the Companies Act and the Articles of Association, for administration and superintendence of this Plan and having such powers as specified by the Board, and set out in this Plan and shall comprise of all non-executive directors amongst whom fifty percent of the directors shall be independent directors in accordance with Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.11 “Corporate Action” shall have meaning as understood under the SEBI Regulations;
- 3.12 “Director” means a director appointed to the Board of a Company;
- 3.13 “Eligible Employee” for the purpose of this Plan means the identified Employee(s) as per Clause 5;
- 3.14 “Employee” means
- a) a permanent employee of the Company who has been working in India or outside India; or
  - b) a director of the Company, whether a whole time director or not but excluding an independent director; or
  - c) an employee as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a Holding Company of the company;
- but does not include-
- (i) an employee who is a promoter or a person belonging to the promoter group; or
  - (ii) a director who either himself or through his relative or through anybody corporate, directly or

indirectly, holds more than ten percent of the outstanding equity shares of the Company;

- 3.15 “Exercise” means making of an application by the Participant/Beneficiary to the Company for issue of Shares, against Vested Options in pursuance of the Plan and Notified Scheme(s) on payment of Exercise Price in accordance with the procedure and conditions laid down by the Committee ;
- 3.16 “Exercise Date” means the date on which the Participant/ Beneficiary exercises his Vested Options and in case of partial Exercise, shall mean each date on which the Participant/ Beneficiary exercises part of his Vested Options;
- 3.17 “Exercise Period” means the time period after Vesting within which the Participant/Beneficiary should Exercise his right to apply for Shares against the Vested Option in pursuance of the Plan, Notified Scheme(s) and applicable law;
- 3.18 “Exercise Price” means the price, if any, payable by the Employee for exercising the Vested Option granted to him in pursuance of the Plan and Notified Scheme(s);
- 3.19 “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;
- 3.20 “Good Leaver” shall have meaning as defined in the HR Policy of the Company;
- 3.21 “Grant” means the process by which the Company/Committee issues Options under any of the Notified Schemes of the Plan;
- 3.22 “Grant Date” means the date on which the Options are approved and granted to the Participant by the Company/ Committee under the relevant Notified Scheme of the Plan;
- 3.23 “Grant Letter” means the letter by which Grant of an Option is communicated to the Grantee;
- 3.24 “Grantee” shall mean an Eligible Employee pursuant to Clause 5 below, who at the time of Grant of the Option is eligible to participate under the Plan;
- 3.25 “Group” means two or more companies which, directly or indirectly, are in a position to
- a. exercise twenty-six per cent or more of the voting rights in the other company; or
  - b. appoint more than fifty per cent of the members of the board of directors in the other company; or
  - c. control the management or affairs of the other company;
- 3.26 “Holding Company” shall have the meaning as defined under the Companies Act, 2013;
- 3.27 “Independent Director” shall have the meaning as defined under the Companies Act, 2013 and the SEBI Regulations;
- 3.28 “Option” means the Option given to an Employee which gives him a right to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre-determined price;
- 3.29 “Participant” means a Grantee who accepts the Grant from the Company/Committee to participate in this Plan pursuant to Clause 9 below;
- 3.30 “Permanent Disability” means any disability of whatsoever nature, 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 Board based on a certificate of a medical expert identified by the Board;

- 3.31 “Plan” shall mean the Spandana Employee Stock Option Plan 2018 under which the Company grants the Options to the Grantees, and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time. Further, the Plan shall also include Scheme/(s) notified as per Clause 3.38 below;
- 3.32 “Promoter” means promoter as defined under the SEBI Regulations;
- 3.33 “Promoter Group” means promoter group as defined under the SEBI Regulations;
- 3.34 “Recognized Stock Exchange” means recognized stock exchanges as defined under Securities Contracts (Regulation) Act, 1956;
- 3.35 “Relative” means relative defined under the Companies Act 2013;
- 3.36 “Retirement” means retirement as per the rules of the Company;
- 3.37 “SEBI Regulations” refers to Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 issued by the Securities and Exchange Board of India (“SEBI”) under the SEBI Act, 1992 as amended from time to time;
- 3.38 “Schemes or Notified Scheme” means a scheme(s) of the Company including any amendments thereof notified as per Clause 4 below proposing to provide share based benefits to its Employees, which may be implemented and administered directly or indirectly by such Company or through a Trust, in accordance with the Plan;
- 3.39 “Share” means an equity share of the Company of face value of Rs10 each;
- 3.40 “Shareholder” means the registered holder of a Share in the share capital of the Company;
- 3.41 “Subsidiary Company” shall have the meaning as defined under the Companies Act, 2013;
- 3.42 “Termination Date” means the date of termination of employment of the Participant/ Grantee with the Company;
- 3.43 “Trust” means an employee welfare trust established by the Company with the objective of facilitating the administration of the Plan;
- 3.44 “Trustee” means trustee as defined under the SEBI Guidelines;
- 3.45 “Unvested Option” means an Option, which is not a Vested Option but does not include Options which are unexercised on the expiration of the Vesting Period, or have been forfeited or have lapsed or been cancelled;
- 3.46 “Vested Option” means an Option, which has Vested in pursuance of Clause 11 below with the Participant/ Beneficiary and has thereby become exercisable;
- 3.47 “Vesting” means the process by which the Participant/ Beneficiary is entitled to apply for Shares against the Option granted to him/her in pursuance of Clause 9 below;
- 3.48 “Vesting Date” means the respective dates on and from which the Option Vests with the Participant/ Beneficiary and thereby becomes exercisable under the Notified Scheme(s);
- 3.49 “Vesting Period” means the period during which the vesting of Option granted under any of the Scheme(s) takes place;
- 3.50 “Construction”
- a) Clause reference is to the clauses of this Plan.

- b) 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 clauses, which shall be interpreted solely in light of the contents thereof.
- c) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- d) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
- e) The term 'including' shall mean 'including without limitation', unless otherwise specified.
- f) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.
- g) Unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting singularity shall include the plural and vice versa.

#### **4 Notification of the Schemes**

- 4.1 The Company/ Board/ Committee shall notify the Schemes under this Plan by passing appropriate resolution as per applicable law.
- 4.2 The Board/ Committee may subject to a special resolution passed at a General Meeting at any time and from time to time, add, amend, alter or revoke any Scheme(s) notified under the Plan.

#### **5 Eligibility**

- 5.1 The eligibility to participate in the Plan is subject to such criteria as may be decided by the Board/ Committee at its own discretion, including, but not limited to the date of joining of the Employee with the Company, grade of the Employee, performance evaluation, period of service with the Company, criticality or any other criteria, as the Committee determines.
- 5.2 Based on the eligibility criteria as described in Clause 5.1 above, the Board/ Committee will decide the Employees eligible for Grant of Options under the Plan and accordingly, the Company/ Committee would Grant the Options to the identified Employees under the Notified Scheme.
- 5.3 Employee shall be eligible to participate in the Plan based on the eligibility criteria as described in Clause 5.1, however where such employee is a director nominated by an institution as its representative on the Board of Directors of the Company, the contract or agreement entered between the institution nominating its employee as the Director of the Company and the director so appointed shall, inter alia, specify the following:
  - a. Whether the grants by the Company under its Plan can be accepted by the said employee in his capacity as Director of the Company;
  - b. That grant if made to the Director, shall not be renounced in favour of the nominating institution; and
  - c. The conditions subject to which such fees, commissions, other incentives, etc. can be accepted by the Director from the company.
- 5.4 Subject to any Corporate Actions, the aggregate number of Options granted under the Plan shall not exceed 20,68,650, unless otherwise decided by the Nomination and Remuneration Committee.

## **6 Administration of this Plan**

- 6.1 This Plan and the Notified Schemes shall be administered by the Committee working under the powers delegated by the Board, which may delegate its duties and powers in whole or in part as it may determine to the Trust. The Board/ Committee/ Company is authorized to interpret the Plan and notify Schemes, to establish, amend and rescind any rules and regulations relating to the Plan or any Notified Scheme(s), and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Plan and any Notified Scheme(s). The Board/ Committee may correct any defect, omission or reconcile any inconsistency in the Plan or any Notified Scheme(s) in the manner and to the extent the Committee deems necessary or desirable and to resolve any difficulty in relation to implementation of the Plan or any Notified Scheme(s) and take any action which the Board is entitled to take. The acts of a majority of the members of the Committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire Nomination and Remuneration Committee shall be the acts of the Nomination and Remuneration Committee for the purpose of the Plan/Scheme(s). No member of the Committee may act upon matters under the Plan/Scheme(s) specifically relating to such member.
- 6.2 Any decision of the Board/ Committee in the interpretation and administration of this 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, Employee, Grantee, Participant/ Nominee and their Beneficiaries and successors). The Company/ the Board/ the Committee/ Trustees shall not be liable for any action or determination made in good faith with respect to the Plan/ Scheme(s) or any Option granted there under.

## **7 Role of the Nomination and Remuneration Committee**

- 7.1 The Committee shall, *inter alia*, formulate the detailed terms and conditions of the Plan and Schemes which shall include the provisions to the extent it is not in violation of the Applicable Laws.
- 7.2 The Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company, the Trust and its Employees, as applicable.
- 7.3 The Company may implement several Schemes directly or through a Trust(s) as permitted under the SEBI Regulations.
- 7.4 The Committee shall, from time to time, in accordance with the broad parameters laid down in this Plan and the Applicable Laws determine the detailed terms and conditions of the Plan and shall, *inter alia*, have the authority at its sole discretion to :
- a) Adopt rules and regulations for implementing this Plan from time to time;
  - b) Identify the Eligible Employees to participate under the Plan;
  - c) Grant Options to Eligible Employees, issue Grant Letters and determine the number and timing of Options to be granted to each Eligible Employee and in aggregate;
  - d) Determine the Grant Date, Exercise Period and Exercise Date;
  - e) Formulate the detailed terms and condition to determine the Exercise Period within which the Eligible employee can exercise the Options and that Options would lapse on failure to exercise the same within the Exercise Period;



- f) Formulate the details terms and conditions in relation to the right of an Eligible Employee to exercise all the Options, as the case may be, Vested in him at one time or at various points of time within the Exercise Period;
- g) Determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option granted hereunder;
- h) 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 bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring and other circumstances (collectively “**Corporate Actions**”). In this regard, the following, shall *inter alia* be taken into consideration by the Nomination and Remuneration Committee:
  - i) the number and price of Options shall be adjusted in a manner such that total value to the Eligible Employees of the Options remains the same after the Corporate Action; and
  - ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Eligible Employee(s) who are granted such Options.
- i) Determine the procedure for cashless Exercise of Options, if required;
- j) Determine the conditions in which Vested Options or Unvested Options or Options Exercised may be withdrawn or reduced;
- k) Determine the treatment of the Options held by a Eligible Employee in case of suspension/ termination of services or in case of any inquiry for a misconduct in relation to that Eligible Employee;
- l) Formulate the detailed terms and conditions under which Options may vest in Eligible Employees and may lapse in case of termination of employment for misconduct;
- m) Formulate the detailed terms and conditions for the grant, vesting and exercise of Options in case of Eligible Employees who are on long leave;
- n) To make arrangements for listing and trading of the Shares issued under the Plan, on the stock exchanges on which the Shares of the Company are listed, as applicable;
- o) Frame suitable policies, procedures and systems to comply with the Applicable Laws and rules of the Recognized Stock Exchange upon listing of Shares of the Company, where applicable;
- p) Resolve any issue that arises in the operationalization of the Plan and ensure smooth and proper operationalization of the Plan, as per the Applicable Laws; and
- q) Perform such other functions and duties as shall be required under the Applicable Laws.

## **8 Share Pool**

- 8.1 Subject to Clause 20 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 20,68,650 Shares. The Company reserves the right to increase or reduce such number of Shares as it deems fit.
- 8.2 Notwithstanding the foregoing provisions of Clause 8.1, Shares with respect to which an Option is granted under the Plan or any of the Notified Scheme(s) that remain unexercised at the expiration, or are not entitled for vesting or forfeited or lapsed or cancelled shall be added back to the number

of Options that are pending to be granted. The Company may, at their discretion Grant such Options within the overall limit determined in accordance with the Notified Scheme(s) under the Plan.

- 8.3 In case of a share-split where the face value of the shares is reduced below 10 or in case of consolidation of shares or bonus issue, the maximum number of Options available for being granted under the Plan as mentioned in Clause 8.1 shall stand modified accordingly, so as to ensure that the cumulative paid-up value (No. of shares X Face value per share) of the total Shares arising out of Exercise of Options that can be issued remains unchanged.

## **9 Grant of Options**

- 9.1 Subject to clause 5.1 and 9.2 below, the 'Company/ Committee/ Board/ Trust may offer the Options to a Grantee in accordance with the terms and conditions of the Notified Scheme(s) under the Plan for the time being in force. The Committee will decide the number of Options to be granted to each Eligible Employee.
- 9.2 During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital excluding outstanding warrants and conversions (as understood under the provisions of Companies Act) of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting.
- 9.3 Subject to the overall limit prescribed in Clause 8.1 above, the Options may be granted in one or more tranches under one or more scheme.
- 9.4 Subject to Clause 20, each Option will entitle the Participant to one Share of the Company.
- 9.5 The Grant of the Options by the Company/Board/ Committee/Trust to the Grantee shall be made in writing and communicated to the Grantee by a Grant Letter. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Notified Scheme(s).
- 9.6 The Closing Date of accepting the offer shall be as specified in the relevant Notified Scheme. Unless provided otherwise in the respective schemes, the Closing Date shall not be more than 30 days from the Grant Date.
- 9.7 An offer made under this Clause is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 9.8 Grant of an option under this Plan does not give an automatic right to an Eligible Employee for further grant of options or benefits under any other plan/scheme of the Company.

## **10 Method of acceptance**

- 10.1 The method of acceptance of the Grant made pursuant to Clause 9 above and under the Notified Scheme, shall be determined in accordance with the Notified Schemes under the Plan.
- 10.2 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.
- 10.3 Subject to the terms contained herein, the acceptance in accordance with this Clause and the relevant Notified Scheme(s), of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an

Unvested Option. Further, upon acceptance of the Grant, Grantee shall become a Participant.

- 10.4 The Grant of Options to any Grantee, who fails to return the Acceptance Form within the time prescribed in the Grant Letter, or the Acceptance Form is received by the Company/ Board/ Committee/ Trust after the Closing date, the options granted to such Grantee shall not be valid and the options granted will stand cancelled unless the Board/ Committee determines otherwise.

## **11 Vesting of Options**

- 11.1 Subject to Clause 11.4 and Clause 14 below, the Unvested Options shall vest with the Participant in accordance with the Notified Scheme(s) under the Plan.
- 11.2 Upon vesting, the Vested Options shall be exercisable in accordance with the terms and conditions set forth under the Notified Scheme(s) under the Plan and as decided by the Committee.
- 11.3 Notwithstanding anything mentioned in the Scheme(s) under the Plan, Options which are not vested shall automatically lapse after the Vesting Date and the contract referred to in Clause 10.3 above shall automatically be terminated without surviving any rights/ liabilities for any party in respect of such options.
- 11.4 Subject to the Companies (Share Capital and Debentures) Rules, 2014 as applicable and any other applicable law, and unless the Committee decides otherwise, no Options shall vest in a Participant, if such Participant carries on or engages in, 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 carried on by the Group or any activity related to the business carried on by the Group. Decision of the Board/ Committee/ Company 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 or any activity/ business carried out by the Participant pursuant to his duties as an Employee or Director of the Company and shall not apply to the Nominee of the Participant.
- 11.5 Neither the Participant nor any person entitled to exercise Participant's rights shall be entitled to claim or receive any dividend and right to vote in respect of the Options granted/ vested, till such time as the Shares are allotted/issued/transferred pursuant to a valid Exercise of the Options in favor of such Participant or such person.

## **12 Exercise Price**

- 12.1 Subject to the provisions of the Plan, the Exercise Price of the Option shall be determined by the Committee acting in good faith and should at least be equal to the Fair Market Value of the shares on the Grant Date as determined by an independent valuer within a period of six months prior to the Grant Date.

## **13 Exercise of Options/ Allotment of Shares**

- 13.1 Subject to Clause 14.1 below, the Participant alone can Exercise the Vested Options within the Exercise Period.
- 13.2 The Company/ Committee can decide the procedure for the exercise of Options and Allotment of Shares.
- 13.3 Subject to the relevant Notified Scheme(s), Clause 11 above and Clause 14 below, the Participant alone can Exercise the Vested Options within the Exercise Period as per the relevant Scheme(s).

Subject to Clause 13.4 and Clause 13.10 below, such Exercise may be of all Vested Options or part of the Vested Options.

- 13.4 No Vested Option shall be exercisable in its fractional form.
- 13.5 Exercise of the Vested Options shall take place at the time and place designated by the Company/ the Committee/ Board/ Trust and by executing such documents as may be required under the Applicable Laws or by the Company/ the Committee to pass a valid title of the relevant Shares to the Participant/ Nominee, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.
- 13.6 A Vested Option shall be deemed to be validly exercised only when the Company/ Committee/ Board/ Trust or any other person ratified by the Company/ Committee/ Board/ Trust receives written and signed notice of Exercise (**‘Exercise Form’**) from the Participant/ Beneficiary and, subject to Clause 12 above, the full payment of the Exercise Price, taxes (wherever arising) and any other sums due referred to in Clause 21 to the Company as per the Plan in respect of Exercise of the Option (**‘Aggregate Exercise Price’**).
- 13.7 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the following methods:
- a) Cheque or demand draft issued in the name of the Board/ Company/ Trust as the Committee may specify; or
  - b) Remittance directly from the Participant’s bank to the bank account of the Board/Company/ Trust (wire transfer) as the Committee may specify; or
  - c) Sale of sufficient number of shares by the Company to cover the amounts payable by the Participant as determined by the Board/Committee if practically implementable (Cashless Exercise of Options).
  - d) Any combination of such methods of payment or any other method acceptable to the Board/Committee/ Trust at its sole discretion.

At the time of allotment/ transfer of Shares pursuant to a valid Exercise, the Participant/ Nominee will be required to sign such papers as may be considered necessary by the Board/ Committee to lawfully execute/ enforce various provisions of the Plan.

- 13.8 The Company/ Committee/ Board/ Trust shall endeavor to ensure that the process of allotment/ transfer of Shares to the Participant who has validly exercised his Vested Options is completed within a reasonable period of time from the time of receiving the Exercise Form by the Committee.
- 13.9 Notwithstanding anything else contained in the Notified Scheme(s) under the Plan and, if the Participant/ Nominee does not Exercise his Vested Options within the time specified in Clause 13.3 above and Clause 14.4 below, the Options shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party.
- 13.10 Subject to the Companies (Share Capital and Debentures) Rules, 2014 and SEBI Regulations, and unless the Committee decides otherwise, no Participant shall be entitled to make an Exercise, if such Participant carries on or engages in, 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 carried on by the group or any activity related to the business carried on by the Group. Decision of the Board/ Committee/ Company 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 or any activity/ business carried out by the Participant pursuant to his duties as an Employee

or Director of the Company and shall not apply to the Nominee of the Participant.

- 13.11 Only upon allotment/ transfer of the Shares, the Participants/ Nominees shall become members of the Company. Subject to Clause 16 below, the Shares to be allotted/ transferred shall rank *pari-passu* in all respects with the outstanding Shares of the Company.
- 13.12 Cashless exercise of the Options shall be as determined by the Board/ Committee.
- 13.13 Under the Plan, the Company/Trust will issue/transfer fresh equity shares/shares held by the trust as and when the Vested Options are exercised by the Option Grantees.

## **14 Termination of Employment**

### **14.1 On death of a Participant**

In the event of death of a Participant while in employment with the Company, subject to the relevant Notified Scheme(s), all the Options granted to him till such date and lying Unvested shall Vest in the Beneficiary of the deceased Participant on that day. Subject to the relevant Notified Scheme(s) and Clauses 13.4 and Clause 13.10 above, all the Vested Options shall be permitted to be exercised in accordance with Clause 13 above within 12 months from the date of Vesting or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Committee decides otherwise. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party.

### **14.2 On Permanent disability of Participant**

In case the Employee suffers a permanent incapacity while in employment subject to the relevant Notified Scheme(s), all the Options granted to him till such date of permanent incapacitation and lying Unvested, shall Vest in him on that day immediately subject to Clause 13 above. Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.10 above, all the Vested Options shall be permitted to be exercised in accordance with Clause 13 above within 12 months from the date of termination or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Committee decides otherwise. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party.

### **14.3 On Resignation/ Termination**

#### **Good Leaver**

In case the employment of the Participant with the Company is terminated due to resignation by the employee, all Unvested Options with the Participant on the Termination Date shall lapse and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party. Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.10 above, all the Vested Options shall be permitted to be exercised in accordance with Clause 13 above within 1 year from the date of resignation/termination or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Board/ Committee decides otherwise. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party in respect of such options.

Bad Leaver

In case the employment of the Participant with the Company is terminated due to resignation by the employee, all Options (Vested as well as Unvested except options already exercised by the participant) shall stand automatically forfeited on the Resignation Date and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party.

14.4 Termination with Cause

In case the termination of employment of a Participant with the Company is with Cause (i.e. negligence, fraud, professional misconduct, moral turpitude etc as per Company's policy), all Options (Vested as well as Unvested except options already exercised by the participant ) shall stand automatically forfeited on the Termination Date and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party in respect of such options.

14.5 On Retirement/ Early Retirement approved by the Company

In case the employment of the Participant with the Group ceases due to the Participant's Retirement on attaining the superannuation age or onwards, or early retirement after approval from the Company, all the Unvested Options granted to him shall immediately stand cancelled and forfeited and the contract referred to in Clause 10.3 above shall stand automatically terminated and subject to Clauses 21, 23 and 29, which will survive after termination, no other rights/ liabilities will survive for any party.

Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.10 above, all the Vested Options shall be permitted to be exercised in accordance with Clause 13 above within 365 days from the date of termination or before the expiry of the Exercise Period as per the relevant Notified Scheme(s), whichever is earlier unless the Committee decides otherwise.

Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for any party.

14.6 On Abandonment

In case the termination of employment of a Participant with the Company is due to Abandonment, all Options (Vested as well as Unvested) shall stand automatically forfeited on the Termination Date and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party. The Board/ Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

14.7 Long leave

For the purposes of this Plan, the employment of the Option Grantee shall not be deemed to terminate if the Option Grantee takes any sick leave or any other bona fide leave of absence, appropriately approved, for 90 (ninety) days or less. In the event of the leave of absence in excess of 90 (ninety) days, such leave of absence will not be treated as continuous employment / service by an Option Grantee for the purpose of the Plan. In such an event, the Options (Vested as well as Unvested) will vest as per the discretion of the Board/ Committee. It is clarified that this clause will not apply to leave in excess of 90 days which is as per applicable laws (such as maternity leave as prescribed under the provisions of Maternity Benefit Act).

14.8 Other terminations

In case the employment of the Participant with the Company is terminated for any reason other

than specified in Clauses 14.3 to 14.8 above, all Unvested Options with the Participant on the Termination Date shall lapse and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party. Subject to relevant Notified Scheme(s) and Clause 13.4 and Clause 13.10 above and unless the Committee decides otherwise the Participants can Exercise all the Vested Options on or before the date on which he is relieved from the Company or before the expiry of the Exercise Period, whichever is earlier. Any Vested Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for any party. However, the Committee shall at its discretion waive such forfeiture wholly or partly.

- 14.9 The rights granted to an Option Grantee upon the grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with any present or past member of the group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

## **15 Notices and correspondence**

- 15.1 Any notice required to be given by a Participant/ Nominee to the Company/ the Committee/ Trust or any correspondence to be made between a Participant/ Nominee and the Company/ the Committee/ Trust may be given or made to the Company/ the Committee/ Trust at the registered office/corporate office of the Company or at a place as may be notified by the Company/ the Committee in writing.
- 15.2 Any notice, required to be given by the Company/ the Committee/ Trust to a Participant/ Nominee or any correspondence to be made between the Company/ the Committee/ Trust and a Participant/ Nominee shall be given or made by the Company/ the Committee on behalf of the Company at the address provided by the Participant in his Acceptance Form or Nomination Form.

## **16 Lock-in**

- 16.1 The Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Clause 13 above in accordance with any Notified Scheme(s) shall be subject to a lock-in as specified under the respective Scheme(s) unless the Committee/Board decides otherwise.

## **17 Beneficiary/ Nominee designation**

- 17.1 Each Participant under the Notified Scheme(s) under the Plan may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit accrued to such Participant under the Plan is to be delivered in case of his or her death before he or she 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.

## **18 Non-transferability of Options**

- 18.1 Save as provided in Clause 14.3 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/ Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment,

alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

## **19 Transferability of Shares**

- 19.1 No Participant/ Beneficiary shall, before the listing of the Shares of the Company on any Indian Recognized Stock Exchanges, transfer any or all of his Shares to any person except the parties designated by the Board/ Committee (including but not limited to the Trust or the Company or to the Promoters and the Investors, in the same ratio as their shareholding in the Company, or to any other designated party) without obtaining prior written consent of the Board/ Committee and such transfer shall be at the price determined by the Committee.

## **20 Corporate Actions**

- 20.1 In case of Corporate Action including but not limited to strategic sale, bonus/rights issue, merger, sale of division or any other event identified by the Board/Committee at their discretion, the Board/Committee should adjust the number of options or price of options in a manner such that total value of the options should remain the same after that Corporate Action without prejudice to the interest of the Participant. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding.

## **21 Withholding Tax or any other Sums**

- 21.1 All Options granted under this Plan shall be subject to all applicable taxes, withholding tax and/ or any levy and/ or any contribution and/ or any sums due (by whatever name it is called) arising due to participation in the Plan and the Scheme notified therein (in or outside India), if any, and the Company or Committee or Trust, accordingly, may withhold such taxes and/ or levy and/ or contribution and/ or payment in full unless Committee decides to withhold in part.
- 21.2 Notwithstanding anything contained in the Notified Scheme(s) or any other Clauses of the Plan, if the Grant of the Option and/ or the Vesting of Option and/ or the Exercise of the Options and/ or allotment or transfer of the Shares under the Notified Scheme(s) and or at anytime while this Plan is in operation shall be subject to any levy and/ or taxes or contribution or payment (by whatever name called), if any, that is levied on or payable by the Company/ Employing entity (in or outside India), then such taxes and/ or levy and/ or contribution and/ or payment shall be recovered in full, unless the Committee at its sole discretion decides to recover in part from the Participant.
- 21.3 Notwithstanding anything else contained in this Plan or under the Notified Scheme therein, no Shares/ sale proceeds there from, as the case may be, shall be issued/ allotted/ transferred/ disbursed to the Participant/ Nominee, on Exercise of the Options under the Notified Scheme(s) under the Plan, unless appropriate levies/ taxes/ contributions/ payments as given in this Clause are recovered in full, unless the Committee at its sole discretion decides to recover only a part of the same from the Participant or Beneficiary.

## **22 Arbitration**

- 22.1 In the event of a dispute arising out of or in relation to the provisions of this Plan or any Notified Scheme(s) (including a dispute relating to the Construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such disputes through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one



of the parties hereto, after a reasonable attempt, which attempt shall continue for not more than 90 days, gives 90 day' notice thereof to the other party in writing. In case of such failure, either party may refer the dispute to a single arbitrator appointed by both the parties and failing such agreement, to three arbitrators, one to be appointed by each party and the third arbitrator to be jointly appointed by the two arbitrators appointed by the parties. The arbitration proceedings shall be held in Hyderabad under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator(s) shall give a reasoned award in writing. The arbitrator(s) 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 Hyderabad. Nothing in this Clause will however limit the right of the Company to bring proceedings against any Participant in connection with this ESOP 2018:

- (i) in any other court of competent jurisdiction; or
- (ii) concurrently in more than one jurisdiction.

## **23 Tenure**

- 23.1 This Plan and any Notified Scheme(s) shall continue in effect unless terminated by the Board/ Company/ the Committee.
- 23.2 Any such termination of this Plan or Notified Scheme(s) shall not affect Options/ Shares already Granted and such Options/ Shares shall remain in full force and effect as if the Plan/ the Notified Scheme(s) had not been terminated unless mutually agreed otherwise between the Participant/ Beneficiary and the Board/ Committee/ the Company.

## **24 Governing Law**

- 24.1 This Plan, all Notified Schemes under the Plan and all agreements thereunder shall be governed by and construed in accordance with the Applicable Laws of India.
- 24.2 The Participant agrees and acknowledges that the Participant has received and read a copy of the Plan and the relevant Notified Scheme(s). The Options are subject to the Plan and the Notified Scheme(s). Any term of the Plan or any Notified Scheme(s) that is contrary to the requirement of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014 or any other Applicable Law, including but not limited to the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder shall not apply to the extent it is contrary.
- 24.3 In the event that any term, condition or provision of the Plan and the Notified Scheme(s) being held to be a violation of any Applicable Law, statute or regulation the same shall be severable from the rest of the Plan or the relevant Notified Scheme(s) and shall be of no force and effect and the Plan and the relevant Notified Scheme(s) shall remain in full force and effect as if such term, condition or provision had not originally been contained in the Plan or the relevant Notified Scheme(s).
- 24.4 In order to comply with regulation of any other country or to avail any tax or other benefits, Committee or Board may at its sole discretion formulate an addendum to this Plan for Employees employed in that country and made applicable to such Employees from the date determined by the Committee/ Board.

## **25 Regulatory approvals**

- 25.1 The implementation of the Plan and the relevant Notified Scheme(s), the Grant of any Option as per terms of the relevant Notified Scheme(s) under the Plan and the issuance/transfer of any Shares

as per the relevant Notified Scheme(s) under the Plan shall be subject to the procurement by the Company and the Participant/ Beneficiary of all approvals and permits required by any regulatory authorities having jurisdiction over the Plan and/ or the relevant Notified Scheme(s), the Options and the Shares issued pursuant thereto. The Participant/ Beneficiary under this Plan will, if requested by the Board/ Committee, provide such assurances and representations to the Company or the Committee, as the Board/ Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

- 25.2 The Board shall make all the relevant disclosures in the Director's Report in relation to the Plan as are required under the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014.
- 25.3 The Company shall follow and confirm to applicable accounting policies issued by the Institute of Chartered Accountants of India from time to time and/or accounting policies as per the Companies Act, 2013 as applicable.

## **26 Modification of Plan**

- 26.1 The Board/ Committee may, subject to a special resolution passed at a General meeting at any time and from time to time:
- a) Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Plan, the relevant Notified Scheme(s) or all or any of the rights and obligations of the Grantee/ Participant/ Beneficiary;
  - b) Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Grantee/ Participant/ Beneficiary separately and each of such sets of special terms and conditions shall be restricted in its applications to such Grantee/ Participant/ Beneficiary; and
  - c) Alter the Exercise Price, if the Option becomes unattractive due to fall in market price of the Shares.

Provided that no variation, alteration, addition or amendment to the Plan or any Notified Scheme under the Plan can be made if it is detrimental to the interests of the Grantee/ Participant/ Beneficiary and the approval of the shareholders in General Meeting has been obtained unless the terms are varied to meet any regulatory requirements.

- 26.2 Subject to this Clause 26.2, the Company may by special resolution in a General Meeting vary the terms of the Schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees.

## **27 Miscellaneous provisions**

- 27.1 No right to a Grant: Neither the adoption of the Plan, nor any action of the Board/Trust/ Committee shall be deemed to give an Employee any right to be granted an Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Plan as the case may be.
- 27.2 No employment rights conferred: Nothing contained in the Plan or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 27.3 Transfer or Deputation: In the event that a Participant who has been granted Options under this Plan and Notified Scheme(s) is transferred or deputed to any Holding Company or Subsidiary Company as defined under the Companies Act, 2013 prior to Vesting or Exercise,

the Vesting and/or Exercise as per the terms of Grant shall continue in case of such transferred or deputed Participant even after the transfer or deputation.

- 27.4 Adherence to Applicable Laws: The Participant/ Nominee shall comply with all Applicable Laws.
- 27.5 This Plan shall not confer on any person any legal or equitable rights against the Company or the Board/ Committee directly or indirectly or give rise to any cause of action at law or in equity against the Company or the Board/ Committee.
- 27.6 The Company 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.
- 27.7 The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 27.8 The acceptance of the Grant is entirely voluntary and the Company or the Board/ Committee does not guarantee any return on Shares or Options.
- 27.9 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.
- 27.10 Inability to obtain authority: The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such shares.

## **28 Set-off**

- 28.1 It is the Committee's/ Trust's obligation to convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Committee/ Trust, to the extent permitted under Applicable Laws.

## **29 Severability**

- 29.1 If any of the provisions mentioned in this Plan are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by Applicable Laws.

## **30 Confidentiality**

- 30.1 The Grantee specifically confirms and covenants to the Company that he is aware that the information regarding his/ her ESOP entitlements to this Option agreement is strictly confidential and that the Option Grantee cannot reveal/share the information with any of his/her peers, colleagues, co-employees or with any employee and/ or associate of the Company or its subsidiaries or holding company or any other company of the Group. In case Option Grantee is found in breach of this Confidentiality undertaking, the Company has an undisputed right to forfeit the Options granted and all Vested and Unvested options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality undertaking shall

be final and binding upon the Grantee.

### **31 Covenants of the Grantee**

31.1 The Grantee confirms that:-

- a) the Grantee shall not engage himself / herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries or holding company.
- b) while during employment with the Company or its subsidiaries or holding or Group company, the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries or holding company, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- c) the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries or holding company.
- d) in consideration of the Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- e) the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company or its subsidiaries or holding company) or as may be required by the Company or its subsidiaries or holding company.
- f) the Grantee understands that the Grant of the Option is limited only to the Shares of Spandana, and the Grantee shall have no recourse to the shares of any other company of the Spandana group in any manner whatsoever.
- g) the Grantee understands that “Confidential Information” means any or all information about the Company or its subsidiaries or holding company that satisfies one or more of the following conditions:
  - i) such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries or holding company; or
  - ii) such information which is critical, in the Company’s opinion, to the Company’s current or anticipated business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries or holding company and the disclosure of the same would affect their competitiveness; or
  - iii) such information which either has been identified as confidential by the Company or its subsidiaries or holding company (either orally or in writing) or has been maintained

as confidential from outside parties and is recognized as intended for internal disclosures only; or

- iv) such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries or holding company over competition when not shared with the competition, or is likely to give any advantage to the competition or any other organization / person / group of persons when shared with the organization / person / group of persons; or
- v) such information which is required to be kept confidential by any requirement of law.

31.2 **“Confidential Information”** includes all trade related information, trade secrets, confidential and privileged information, customer information, employment related information, strategies, administration, research in connection with the Company or its subsidiaries or holding company and commercial, legal, scientific, technical data that are either provided to or made available to the Grantee by the Company or its subsidiaries or holding company to facilitate his/her work or that the Grantee is able to know or has obtained access by virtue of his/her employment or position with the Company or its subsidiaries or holding company, as the case may be. To illustrate, the following is an indicative list of Confidential Information:-

- a) computer programs, inventions, samples, designs, drawings, machines, tools, photographs, source codes, object codes, methods, concepts, formulas, algorithms, processes, technical specifications, analyses, discoveries, improvements, marketing methods, manufacturing processes, research and development information;
- b) organizational matters, business plans, company policies, sales forecasts, employee and personnel information (including information pertaining to their terms of employment, experience, contact details, appraisals, performance, competencies, specialized skills / expertise, medical information, etc.);
- c) non-public financial information relating to the Company or its subsidiaries or holding company including its financial results for any period;
- d) Business Plans of the Company or its subsidiaries or holding company including its monthly reports and estimates;
- e) Current and prospective customer lists and information on customers and their employees;
- f) Information relating to existing and potential intellectual property of the Company or its subsidiaries or holding company;
- g) Dividend policy of the Company or its subsidiaries or holding company including the intended declaration of dividend;
- h) Issue of shares of the Company or its subsidiaries or holding company by way of public offers, rights issues, bonus issue, employee stock options;
- i) Major expansion plans or execution of new projects including information concerning amalgamations, mergers, acquisitions and takeovers being planned or contemplated by the Company or its subsidiaries or holding company and information concerning the purchase

of major equipment or property and the disposal of any undertakings of the Company or its subsidiaries or holding company;

- j) Information relating to the Company or its subsidiaries or holding company regarding acquisition or loss of significant contracts, significant disputes with major suppliers, consumers or any Governmental or regulatory agency;
- k) Any information that may affect the earnings/ profitability of the Company or its subsidiaries or holding company;
- l) Any other change in policies, plans or operations of the Company or its subsidiaries or holding company.

## **32 Transitional Provisions**

In light of the proposed initial public offering by the Company of its Shares, and in compliance with the provisions of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, the Company has included certain transitional provisions which will be applicable in relation to the Options granted under the Plan, from the date of the shareholders resolution approving the Plan till the date when the Equity Shares of the Company are listed on the BSE Limited and the National Stock Exchange of India Limited upon completion of the proposed initial public offering by the Company. It is clarified that the transitional provisions will cease to have effect upon listing of the Shares of the Company. The said transitional provisions are set out below:

- a) In the event of termination of a Grantee's employment with or without cause, all the Unvested Options granted to such Grantee shall lapse with immediate effect from the date of termination of the employment of such Grantee.
- b) In the event a Grantee voluntarily resigns from employment with the Company, all Unvested Options shall lapse with immediate effect from the date of cessation of employment of the Grantee with the Company.
- c) In case the employment of the Grantee with the Company is terminated due to retirement including retirement under a voluntary retirement scheme of the Company, all the Unvested Options granted to him shall lapse with immediate effect from the date of retirement.

**Spandana Sphoorty Financial Limited (Spandana)  
Spandana Employee Stock Option Scheme2018**

**SPANDANA SPHOORTY FINANCIAL LIMITED**

**SPANDANA EMPLOYEE STOCK OPTION SCHEME 2018**

<b>1</b>	<b>NAME OF THE SCHEME .....</b>	<b>3</b>
<b>2</b>	<b>PURPOSE OF THE SCHEME.....</b>	<b>3</b>
<b>3</b>	<b>DEFINITIONS AND INTERPRETATION .....</b>	<b>3</b>
<b>4</b>	<b>ELIGIBILITY .....</b>	<b>4</b>
<b>5</b>	<b>GRANT OF OPTIONS.....</b>	<b>4</b>
<b>6</b>	<b>METHOD OF ACCEPTANCE .....</b>	<b>5</b>
<b>7</b>	<b>VESTING OF OPTIONS .....</b>	<b>5</b>
<b>8</b>	<b>EXERCISE PRICE.....</b>	<b>7</b>
<b>9</b>	<b>EXERCISE OF OPTIONS.....</b>	<b>7</b>
<b>10</b>	<b>DURATION OF THE SCHEME.....</b>	<b>7</b>
<b>11</b>	<b>LOCK IN.....</b>	<b>7</b>
<b>12</b>	<b>CONFLICT.....</b>	<b>7</b>



**1 Name of the Scheme**

This Scheme shall be termed the Spandana Employee Stock Option Scheme 2018 – (“**Scheme**”). “Scheme” forms a part of the Spandana Employees Stock Option Plan 2018 (“**the Plan**”). “Scheme” has been approved by the special resolution passed on *June 14, 2018* by the shareholders at the General Meeting of the Company. The scheme has been Notified by Board vide resolution passed on *May 15, 2018* .“Scheme” shall be effective from June 14, 2018 herein after referred as the “Effective date”.

**2 Purpose of the Scheme**

Spandana Sphoorty Financial Limited (“**Company**” or “**Spandana**”), a company incorporated under the Companies Act, 1956 and having its registered office at Plot No 31 & 32, Ramky Selenium Towers, Ground Floor, Nanakramguda, Gachibowli, Hyderabad – 500032, Telangana, India, has structured “Scheme” for its Employees and employees of its Subsidiary Companies.

The purpose of this Scheme is as under:

- a) Rewarding Loyalty
- b) Retention of employees
- c) Rewarding Performance
- d) Wealth creation for employees

Further, the Scheme will be implemented, for and on behalf of and at the request of the Subsidiaries of our Company, for the employees of the Subsidiaries of our Company. The above objectives are sought to be achieved through the issue of Options, for and on behalf of, and at the behest of the Subsidiary to their employees.

**3 Definitions and Interpretation**

Unless otherwise defined, the terms mentioned herein shall have the same meaning for the purpose of “Scheme” as defined in the Plan. Apart from the generality of the above,

- 3.1 “Closing Date” shall be 30 days from the Grant Date during which options can be accepted by the Grantee. In case such date is a non-working day, then it shall be the immediately following working day;
- 3.2 “Eligible Employee” for the purpose of this Scheme means Employee identified in accordance with Clause 4 below to whom the Grant of Options shall be made;
- 3.3 “Exercise Price” means the purchase price of each Share payable by the Participant/ Beneficiary for exercising the Vested Options Granted to the Participant in pursuance of the Scheme, as per Clause 8 below and shall be communicated in the Grant letter;
- 3.4 “Exercise Period” means the period of 9 years from the Grant Date, subject to Clause 13 of the Plan, unless the Board/ Committee decides otherwise;
- 3.5 “Relevant Date” means the date of the meeting of the Committee on which the grant is made;
- 3.6 “Vesting Period” shall be defined as per Clause 7 below;
- 3.7 “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.
- f) 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.

#### **4 Eligibility**

- 4.1 The eligibility to participate in the Scheme is subject to such criteria as may be decided by the Board/ Committee at its own discretion, including, but not limited to the date on which the Employee joins the Company, grade of the Employee, period of service with the Company, criticality or any other criteria, as the Committee determines.
- 4.2 The Scheme shall be applicable to the Company and the Subsidiary of the Company and Options may be granted to the Employees of the Company and the Subsidiary of the Company, as determined by the Board/ Committee at their own discretion.

#### **5 Grant of Options**

- 5.1 The Company/ Board/ Committee shall Grant the Options to the identified Eligible Employees in accordance with the terms and conditions of "Scheme" notified under the Plan for the time being in force.
- 5.2 Subject to Clause 8 and Clause 20 of the Plan and in accordance with Clause 9 of the Plan, the maximum number of Options Granted to any Grantee during one year under "Scheme" shall not exceed 1 percent of the total share capital at the time of the Grant.
- 5.3 The Grant of the Options to the Eligible Employee upon approval by the Committee shall be made in writing in Grant Letter and communicated to the Eligible Employee. Such Grant Letter shall state the Grant Date, number of Options offered, the Exercise Price and the Closing Date.

#### **6 Method of acceptance**

- 6.1 In accordance with Clause 10 of the Plan, any Grantee who wishes to accept the Grant made pursuant to Clause 5 above, must deliver an Acceptance Form, prescribed by the Board/ Committee from time to time, duly completed as required therein to the Board/ Committee on or before the Closing date.
- 6.2 The Grant of Options to any Grantee who fails to return the Acceptance Form or any Acceptance Form received by the Company/ Committee/ Board/ Trust after the Closing date shall not be valid and the Options granted will stand cancelled, unless the Board/ Committee

determines otherwise.

**7 Vesting of Options**

- 7.1 Subject to Clauses 14.1 and 14.2 of the Plan, the minimum vesting period shall be one year from the date of grant.
- 7.2 Notwithstanding Clause 8.3, and clause 14.5 of the Plan and subject to Clause 7.1 above, in case the employment of the Participant with the Company ceases due to the Participant's Retirement on attaining the superannuation age or an extended date, or early retirement after approval from the Company, the Company/Board/Committee shall in its absolute discretion decide number of options that can vest, provided such options have been granted 1 (one) year prior to such date, with respect to the Unvested Options which decision shall be binding on the Participant.
- 7.3 Subject to Applicable Law, the Committee may prescribe a varying Vesting Period for different Eligible Employees (or group of Eligible Employees) or for different Options.
- 7.4 Subject to continued employment and in accordance with Clause 11 of the Plan, the Options shall Vest as per the below schedule:
  - i. For employees who have been employed with the Company for six years or more on the Grant date, Options shall vest as per the below schedule:

Sr. No.	Particulars	Maximum options entitled for vesting
1	At the end of Year 1 from the Grant date	30 (Thirty)% of total options granted
2	At the end of Year 2 from the Grant date	30 (Thirty)% of total options granted
3	At the end of Year 3 from the Grant date	20 (Twenty)% of total options granted
4	At the end of Year 4 from the Grant date	20 (Twenty)% of total options granted

- ii. Other employees who are not covered under sub clause one above:

Sr. No.	Particulars	Maximum options entitled for vesting
1	At the end of Year 1 from the Grant date	20 (Twenty)% of total options granted
2	At the end of Year 2 from the Grant date	20 (Twenty)% of total options granted

3	At the end of Year 3 from the Grant date	20 (Twenty)% of total options granted
4	At the end of Year 4 from the Grant date	20 (Twenty)% of total options granted
5	At the end of Year 5 from the Grant date	20 (Twenty)% of total options granted

**8 Exercise Price**

- 8.1 Subject to the provisions of the Plan, the Exercise Price of the Option shall be determined by the Committee acting in good faith and should at least be equal to the Fair Market Value of the shares on the Grant Date as determined by an independent valuer within a period of six months prior to the Grant Date. The Company shall conform to the accounting policies specified in regulation 15 of the SEBI Regulations while determining the Exercise Price.
- 8.2 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the methods specified in Clause 13.7 of the Plan.

**9 Exercise of Options**

- 9.1 In accordance with Clause 13 of the Plan and subject to Clause 14 of the Plan, the Participant/ Nominee can Exercise the Vested Options immediately on or after vesting but within the Exercise Period. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 of the Plan shall stand automatically terminated without surviving any right/ liability for any party. Under Regulation 20 of the SEBI Regulations, the amount payable by the employee, if any, at the time of grant of Option may be forfeited by the Company if the Option is not exercised within the Exercise Period

**10 Duration of the Scheme**

- 10.1 Scheme shall continue in effect unless terminated by the Board/ Committee.

**11 Lock in**

- 11.1 Subject to Clause 19 of the Plan, the Shares allotted/ transferred pursuant to the Exercise of the Vested Options under Clause 9 above shall not be subject to a lock-in unless the Board/ Committee decides otherwise.

**12 Conflict**

In case there is a conflict between the terms of this Scheme and the terms of the Plan, then for the purposes of this Scheme, the terms of this Scheme shall prevail, unless specifically provided otherwise in the Plan.

**Spandana Sphoorty Financial Limited (Spandana)  
Spandana Employee Stock Option Scheme 2021 (“Scheme 2021”)**

**SPANDANA SPHOORTY FINANCIAL LIMITED**

**SPANDANA EMPLOYEE STOCK OPTION SCHEME 2021**

<b>1</b>	<b>NAME OF THE SCHEME.....</b>	<b>3</b>
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<b>3</b>	<b>DEFINITIONS AND INTERPRETATION.....</b>	<b>3</b>
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## **1 Name of the Scheme**

This Scheme shall be termed the Spandana Employee Stock Option Scheme 2021 (“**Scheme 2021**”). and it forms a part of the Spandana Employees Stock Option Plan 2018 (“**the Plan**”) and is a Notified Scheme under the Plan. “Scheme 2021” has been approved by the special resolution passed on *March 26, 2021* by the shareholders at the General Meeting of the Company or through Postal Ballot. The scheme has been Notified by Board vide resolution passed on *February 9, 2021*. “Scheme 2021” shall be effective from *the date of approval by the shareholders* (hereinafter referred as the “Effective date”).

## **2 Purpose of the Scheme**

Spandana Sphoorty Financial Limited (“**Company**” or “**Spandana**”), a company incorporated under the Companies Act, 1956 and having its registered office at Plot No 31 & 32, Ramky Selenium Towers, Ground Floor, Nanakramguda, Gachibowli, Hyderabad – 500032, Telangana, India, has structured “Scheme 2021” for its Employees and employees of its Subsidiaries Companies.

The purpose of this Scheme 2021 is as under:

- a) Retention of employees
- b) Driving Performance
- c) Wealth creation for employees

Further, the Scheme 2021 will be implemented, for and on behalf of and at the request of the Subsidiaries of our Company, for the employees of the Subsidiaries of our Company. The above objectives are sought to be achieved through the issue of Options, for and on behalf of, and at the behest of the Subsidiaries to their employees.

## **3 Definitions and Interpretation**

Unless otherwise defined, the terms mentioned herein shall have the same meaning for the purpose of “Scheme 2021” as defined in the Plan. Apart from the generality of the above,

- 3.1 “Closing Date” shall be 30 days from the Grant Date during which options can be accepted by the Grantee. In case such date is a non-working day, then it shall be the immediately following working day;
- 3.2 “Eligible Employee” for the purpose of this Scheme 2021 means Employee identified in accordance with Clause 4 herein below to whom the Grant of Options shall be made;
- 3.3 “Exercise Price” means the purchase price of each Share payable by the Participant/ Beneficiary for exercising the Vested Options Granted to the Participant in pursuance of the Scheme 2021, as per Clause 8 herein below and shall be communicated in the Grant letter;
- 3.4 “Exercise Period” means the period of 9 years from the Grant Date, subject to Clause 13 and Clause 14 of the Plan and Clause 9.2 of the Scheme 2021, unless the Board/ Committee decides

otherwise;

3.5 “Grant Date” means the date of the meeting of the Committee on which the grant is made;

3.6 “Vesting Period” shall be defined as per Clause 7 herein below;

3.7 “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.
- f) 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.

#### **4 Eligibility**

4.1 The eligibility to participate in the Scheme 2021 is subject to such criteria as may be decided by the Board/Committee at its own discretion, including, but not limited to the date on which the Employee joins the Company, grade of the Employee, period of service with the Company, criticality or any other criteria, as the Board/Committee determines.

4.2 The Scheme 2021 shall be applicable to the Company and the Subsidiaries of the Company and Options may be granted to the Employees of the Company and the Subsidiaries of the Company, as determined by the Board/Committee at their own discretion.

#### **5 Grant of Options**

5.1 The Board/Committee shall Grant the Options to the identified Eligible Employees in accordance with the terms and conditions of “Scheme 2021” notified under the Plan for the time being in force.

5.2 Subject to Clause 8 and Clause 20 of the Plan and in accordance with Clause 9 of the Plan, the maximum number of Options Granted to any Eligible Employee during one year under “Scheme 2021” shall not exceed 1 percent of the total share capital at the time of the Grant unless an approval from the Shareholders is taken by way of special resolution in a General Meeting / through Postal Ballot.

5.3 The Grant of the Options to the Eligible Employee upon approval by the Board/Committee shall be made in writing in Grant Letter and communicated to the Eligible Employee. Such Grant Letter shall state the Grant Date, number of Options granted, Vesting Schedule, the Exercise Price and the Closing Date.



5.4 50% of total options granted under this scheme 2021 to an employee shall be considered as ‘Time Options’ and balance 50% of the total options granted shall be considered as ‘Performance Options’. Such performance options shall be linked to annual performance rating as per the HR policy of the Company for the relevant financial year.

**6 Method of acceptance**

6.1 In accordance with Clause 10 of the Plan, any Grantee who wishes to accept the Grant made pursuant to Clause 5 hereinabove, must deliver an Acceptance Form, prescribed by the Board/ Committee from time to time, duly completed as required therein to the Board/ Committee on or before the Closing date.

6.2 The Grant of Options to any Grantee who fails to return the Acceptance Form or any Acceptance Form received by the Committee/ Board after the Closing date shall not be valid and the Options granted will stand cancelled, unless the Board/ Committee determines otherwise.

**7 Vesting of Options**

7.1 Subject to Clauses 14.1 and 14.2 of the Plan, the minimum vesting period shall be one year from the date of grant.

7.2 Notwithstanding Clause 8.3, and Clause 14.5 of the Plan and subject to Clause 7.1 above, in case the employment of the Participant with the Company or its Subsidiaries ceases due to the Participant’s Retirement on attaining the superannuation age or an extended date, or early retirement after approval from the Company, the Board/Committee shall in its absolute discretion decide number of options that can vest, provided such options have been granted 1 (one) year prior to such date, with respect to the Unvested Options which decision shall be binding on the Participant.

7.3 Subject to continued employment and in accordance with Clause 11 of the Plan, , the Options shall Vest as per the below schedule for permanent employees:

i. Time Options

<b>Particulars</b>	<b>Vesting Schedule</b>
First anniversary from the Grant Date	20% of total Time Options granted
Second anniversary from the Grant Date	20% of total Time Options granted
Third anniversary from the Grant Date	20% of total Time Options granted
Fourth anniversary from the Grant Date	20% of total Time Options granted
Fifth anniversary from the Grant Date	20% of total Time Options granted

ii. Performance Options

<b>Particulars</b>	<b>Maximum options entitled for vesting based on annual performance rating as mentioned under clause 7.4 below</b>
First anniversary from the Grant Date	20% of total performance Options granted
Second anniversary from the Grant Date	20% of total performance Options granted
Third anniversary from the Grant Date	20% of total performance Options granted
Fourth anniversary from the Grant Date	20% of total performance Options granted
Fifth anniversary from the Grant Date	20% of total performance Options granted

7.4 Such performance options shall vest annually upon meeting the individual performance rating upon completion of annual performance cycle:

<b>Individual Performance Rating</b>	<b>Vesting per Year (%) of performance options which are entitled to vest as per clause 7.3(ii) above</b>
Rating 1	100 (Hundred)%
Rating 2	80 (Eighty)%
Rating 3	50 (Fifty)%
Rating 4	0 (Zero)%
Rating 5	0 (Zero)%

All the Unvested Options for that year that are not eligible to vest in the Participant shall lapse immediately and cannot be carried forward to future years.

## **8 Exercise Price**

- 8.1 The Exercise Price of the Option shall be determined by the Committee acting in good faith from time to time. The Company shall conform to the accounting policies specified in Regulation 15 of the SEBI Regulations while determining the Exercise Price.
- 8.2 The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options. Payment must be made by one of the methods specified in Clause 13.7 of the Plan.

## **9 Exercise of Options**

- 9.1 In accordance with Clause 13 of the Plan and subject to Clause 14 of the Plan, the Grantee/Nominee can Exercise the Vested Options immediately on or after vesting but within the Exercise Period. Any Vested Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 of the Plan shall stand automatically terminated without surviving any right/ liability for any party. Under Regulation 20 of the SEBI Regulations, the amount payable by the employee, if any, at the time of grant of Option may be forfeited by the Company if the Option is not exercised within the Exercise Period.
- 9.2 Notwithstanding anything contained in Clause 9.1 above and subject to Clause 14.1 and 14.2 of the Plan, where the employment of the participant with the Company or its Subsidiaries has ceased, the exercise period would be restricted till the last date of employment of the Participant. Any Vested Options not exercised on or before the last date of employment shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 of the Plan shall stand automatically terminated without surviving any right/ liability for any party. Under Regulation 20 of the SEBI Regulations, the amount payable by the employee, if any, at the time of grant of Option may be forfeited by the Company if the Option is not exercised within the Exercise Period.

## **10 Duration of the Scheme**

- 10.1 Scheme 2021 shall continue in effect unless terminated by the Board/ Committee.

## **11 Lock in**

- 11.1 Subject to Clause 19 of the Plan, the Shares allotted / transferred pursuant to the Exercise of the Vested Options under Clause 9 hereinabove shall not be subject to a lock-in, except (if any) lock in is required pursuant to applicable law.

## **12 Conflict**

In case there is a conflict between the terms of this Scheme 2021 and the terms of the Plan, then for the purposes of this Scheme 2021, the terms of this Scheme 2021 shall prevail over the Plan.

## **13 Clauses of the Plan not applicable for the options granted under Scheme 2021**

Provisions relating to Good Leaver under Clause 14.3 of the Plan and Provisions relating to early retirement under Clause 14.5 of the Plan shall not be applicable for the purpose of Scheme 2021.