

**HDB Financial Service Limited - Employees Stock Option Scheme – 2014**

This Employee Stock Option Scheme - 2014 (hereinafter referred to as “ESOS / Scheme”) incorporates the proposed amendments, and is requested for the approval of the shareholders of the of HDB Financial Services Limited (“the Company”) at its Extra Ordinary General Meeting to be held on August 26, 2016 pursuant to Section 62(1)(b) of the Companies Act, 2013 (“the Companies Act”), read with Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014.

**CLAUSE A: DEFINITIONS**

Unless repugnant to the context or meaning hereof, the following terms shall have the following meanings:

1. **“Applicable Law(s)”** shall include every law, rule, regulation or bye-law relating to employee stock option schemes/plans and such other stock incentive scheme/plans, including, without limitation, the Companies Act, and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of India or any relevant jurisdiction, and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.
2. **“Applicable Tax”** shall mean perquisite tax or any other tax levied by the Government from time to time.
3. **“Associate Company”** shall have the meaning assigned to it under the Companies Act.
4. **“Employee” shall mean –**

**Prior to Listing:**

- (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 any body corporate, directly or indirectly, holds more than 10% of outstanding equity shares of the Company.

**Post Listing:**

- (a) An employee as designated by the Company, who is exclusively working in India or outside India;
- (b) A director of the Company, whether a whole-time director or not, including a non-executive director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director;
- (c) An employee as defined in clauses (a) or (b), of a Group including Subsidiary or its Associate Company, in India or outside India, or of Holding Company of the Company,

but does not include:

- (i) An employee who is a Promoter or a person belonging to the Promoter Group;
- (ii) A director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than 10% of the outstanding equity shares of the Company.

**Explanation:** For the purpose of clause 4 above, unless otherwise determined by the Nomination and Remuneration Committee, an employee shall be deemed to be a “permanent employee” when his employment is confirmed upon completion of the probation period as per the terms of his / her letter of appointment.

5. **“Company”** shall mean HDB Financial Services Limited.
6. **“Employee Stock Option Scheme” or “ESOS” or “Scheme”** shall mean this Scheme.
7. **“Option”** means a right but not an obligation granted to an employee to, at a future date, purchase or subscribe to equity shares of the Company at a pre-determined price, pursuant to this ESOS.
8. **“Lock-in period”** shall mean a period of 1 (one) year between the grant of option to any employee and vesting of such option.
9. **“Grant”** means the issue of options to employees under this ESOS.
10. **“Date of vesting”** shall mean the date on which the employee is given a right to apply for shares of the Company against the options granted to him/her under this ESOS, which shall not be prior to the one year anniversary of the grant of the option.
11. **“Exercise”** shall mean the act of making an application by the employee to the Company for issue of shares against option(s) vested in the employee in pursuance of this ESOS.
12. **“Exercise Price” or “Pricing”** shall mean the price at which the employee shall be entitled to exercise the option granted to him/her pursuant to this Scheme, and which price shall be determined in the manner mentioned hereunder.
13. **“Perquisite tax”** shall mean the amount of tax which has to be paid by the employee at the time of exercising the options in accordance with the Income Tax Act, 1961, as amended from time to time.
14. **“Exercise Period”** shall mean the time period within which the options vested in an employee have to be exercised by such employee.
15. **“Group”** shall have the meaning assigned to it under the SEBI SBEB Regulations.
16. **“Holding Company”** means any present or future holding company of the Company, as defined in the Companies Act.
17. **“Independent Director”** has the meaning ascribed to such term under the Companies Act and / or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable.
18. **“Listing”** shall mean the initial public offering of the Company’s Shares or the listing of the Company’s Shares on any recognised stock exchange in India.
19. **“Vesting”** shall mean the process by which the employee is given the right to apply for equity shares in the Company against the options granted to the employee in pursuance of this ESOS.
20. **“Market Price”** means the latest available closing price on a recognised stock exchange on which the Shares are listed on the date immediately prior to the Relevant Date. If such Shares are listed on more than one recognised stock exchange, then the closing price on the recognised stock exchange having higher trading volume shall be considered as the market price.
21. **“Nomination and Remuneration Committee”** prior to Listing, means a committee of Board of Directors of the Company constituted by the Board in accordance with Section 178 of the Companies Act. Post Listing, it means the committee comprising of such members of the Board

of Directors of the Company set up in compliance with Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time..

22. **"Promoter"** shall have the meaning assigned to it under the Companies Act and / or Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as applicable.
23. **"Promoter Group"** shall have the same meaning ascribed to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as may be amended or re-enacted from time to time.
24. **"Relevant Date"** means (i) in the case of Grant, the date of the meeting of the Nomination and Remuneration Committee on which the Grant is made; or (ii) in the case of Exercise, the date on which the notice of Exercise is given to the Company.
25. **"Shares" or "equity shares"** shall mean equity shares of the Company having a face value of Rs. 10/- per share.
26. **"SEBI SBEB Regulations"** shall mean the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time.
27. **"Tranche"** shall mean one or more tranche in which the options are granted by the Nomination and Remuneration Committee. All options granted on a particular day having same terms and conditions shall be clubbed under a particular tranche.
28. **"Subsidiary Company"** means any present or future subsidiary company of the Company, as defined in the Companies Act.

#### CLAUSE B. NOMINATION AND REMUNERATION COMMITTEE

1. The Nomination and Remuneration Committee of the Board of Directors of the Company is authorised to administer this Scheme including to grant options to the employees in one or more tranches, on such terms as it may deem fit in its absolute discretion and in compliance with the provisions of the Applicable Laws.
2. The Nomination and Remuneration Committee shall also have the freedom to determine the exercise price in conformity with the applicable accounting policies, if any.
3. In the event of any clarifications being required on the interpretation or application of this ESOS, the same shall be referred to the Nomination and Remuneration Committee. The decision of the Nomination and Remuneration Committee shall be final and binding in this regard.
4. In the eventuality of any rights issue, bonus issues, preferential issue, offer for sale of the equity shares of the Company or other corporate actions such as merger, acquisition or any other corporate restructuring, the Nomination and Remuneration Committee may consider and approve such adjustment as to the number of options granted and / or to the exercise price as it may consider just and fair in compliance with the provisions of the Applicable Laws.
5. The Nomination and Remuneration Committee shall frame suitable policies and systems as may be necessary to ensure that there is no violation of the 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 and the Employees, as applicable post Listing.
6. Subject to the provisions of this Scheme and in accordance with Applicable Laws, the Nomination and Remuneration Committee is authorized to formulate and determine the terms and conditions of this Scheme, including but not limited to the following:

- a. the quantum of options per Employee and in aggregate under the Scheme or any plans under the Scheme;
- b. the kind of benefits to be granted under the Scheme or any plans under the Scheme;
- c. the conditions under which options may vest in Employees and may lapse, including in case of termination of employment for misconduct;
- d. the exercise period within which the Employee can exercise the options and those options would lapse on failure to exercise the same within the exercise period;
- e. the specified time period within which the Employee shall exercise the vested options in the event of termination or resignation;
- f. the right of an Employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- g. the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, 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 employee of the options remains the same after the corporate action;
  - ii) the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such options;
- h. the grant, vesting and exercise of shares, and options in case of employees who are on long leave
- i. eligibility to avail benefits in case of Employees who are on long leave;
- j. the procedure for funding the exercise of options; and
- k. the procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
  - (i) permissible sources of financing for buy-back;
  - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
  - (iii) limits upon quantum of specified securities that the Company may buy-back in a financial year. Explanation, —Specified securities means as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

#### **CLAUSE C. ELIGIBLE EMPLOYEES**

1. All employees as defined in Clause A above shall be eligible for the grant of the options.
2. Further, no single employee/ director shall be granted options under this ESOS entitling such employee/ director to equity shares in the Company which would represent more than 1% of the paid-up share capital of the Company as on the date of grant of options or 10% of the total number of options granted under this Scheme unless requisite approval of the shareholders of the Company has been obtained in this regard and it is in compliance with Applicable Laws.
3. All employees, to whom the Nomination and Remuneration Committee would grant the options, shall be informed of the same by way of a separate grant letter or by way of an electronic mail.
4. The total number of options that may be issued pursuant under this ESOS in one or more tranches shall not exceed 1,00,00,000 (one crore) options convertible into equal number of equity shares of the Company of the aggregate nominal face value of Rs. 10,00,00,000 (Rupees ten crores only) (or such adjusted numbers for any bonus, stock splits or consolidation or other re-organisation of the capital structure of the Company) as stated in Clause B(5) above.
5. On exercise of an option in accordance with this ESOS, one equity share for each option held by the employee would be issued by the Company.

**CLAUSE D: CRITERIA FOR GRANT OF OPTIONS AND APPRAISAL PROCESS FOR ELIGIBILITY OF EMPLOYEES**

1. While granting the options, the Nomination and Remuneration Committee shall *inter alia* take into consideration the grade, performance, merit, future potential contribution, conduct of the employee and other relevant criteria.
2. The Nomination and Remuneration Committee may grant options to such employees in tranches or as per separate plans after giving due consideration to what is stated above.

**CLAUSE E: DATE OF GRANT OF OPTIONS**

1. The date of grant shall be the date of the meeting of the Nomination and Remuneration Committee at which the options are granted or any other date as may be specified by the Nomination and Remuneration Committee and provided for in the letter of grant to Employees.

**CLAUSE F: PRICING**

1. Prior to Listing, the Exercise Price of the options granted to the employees shall be determined by the Nomination and Remuneration Committee based on the fair market value of equity shares of the Company as certified by a practicing Chartered Accountant or Category 1 Merchant Banker registered with Securities and Exchange Board of India . Post Listing, the Nomination and Remuneration Committee shall be free to determine the Exercise Price which may be the Market Price or a lower price (but not lower than the face value of the Shares), subject to such Exercise Price conforming to the SEBI SBEB Regulations.
2. In addition to the Exercise Price, the Employee will also be responsible to pay the Applicable Tax/es at the time of Exercising the Vested Options in accordance with the provisions of the Income Tax Act, 1961 at the relevant time.
3. Subject to Applicable Laws, the Nomination and Remuneration Committee may also re-price the options which are not Exercised, whether or not Vested, if Scheme is rendered unattractive due to fall in the price of the Shares. Provided that the Company shall ensure that such repricing is not detrimental to the interests of the Employees and the approval of shareholders by way of special resolution has been obtained for such re-pricing.

**CLAUSE G. VESTING OF OPTIONS AND CONDITIONS OF VESTING**

1. The vesting period for a particular tranche / series of grants shall be such as may be determined by the Nomination and Remuneration Committee.
2. There shall be a minimum period of one year between the grant of options and vesting of option ("**lock-in period**"), provided that in case(s) where options are granted in lieu of options held by any employee under an Employees Stock option Scheme in another company, which merges or amalgamates with the Company (hereinafter referred to as Merging or Amalgamating Company), the period during which the options granted by such Merging or Amalgamating Company were held by said employee shall be adjusted against the minimum vesting period required under this clause. . However, post Listing, the lock-in period shall not be applicable in case of death and permanent disablement / incapacity of an Employee.
3. The maximum period of vesting shall be such as may be determined by the Nomination and Remuneration Committee, however the overall vesting period, as may be determined by the Nomination and Remuneration Committee shall not exceed 4 years from the date of the grant of the options.
4. For vesting to happen, the employee should have been in continuous service with the Company (or its Holding Company or Subsidiary Company or Associate Company or Group company as applicable) throughout the vesting period.

5. There shall not be any lock-in period for vesting of options, other than as mentioned in this Scheme.

#### **CLAUSE H. THE EFFECT OF DEATH, PERMANENT DISABLEMENT RESIGNATION AND TERMINATION OF THE EMPLOYMENT ON THE VESTING OF OPTIONS**

No option shall Vest in any employee if the employee ceases to be in the employment of the Company (or its Holding Company or Subsidiary Company or Associate Company or Group company as applicable) before the date of vesting of the options except in the following cases:

##### **1. Death of an employee**

- a. In case of a death of an employee to whom the options have been granted,
- (i) all options that have been granted to the deceased employee in respect of which the lock-in period has lapsed, shall vest immediately in the legal heirs or nominees of such deceased employee as on the date of his / her death;
  - (ii) all options granted to the deceased employee in respect of which the lock-in period has not lapsed shall vest in the legal heirs or nominees of such deceased employee on the expiry of the lock-in period. However, post Listing, the lock-in period shall not be applicable and all the options shall vest immediately in the legal heirs or nominees as on the date of the death of the employee.
- b. All such options which have vested in the legal heirs or nominees of a deceased employee, shall be exercisable,
- under case a(i) above and Post Listing, within a period of **six months** from the date of death of the employee and
  - under case a(ii) above, within a period of **six months** from the expiry of the lock-in period.
- c. To enable the employees to nominate persons in respect of the options, the Company shall make available to the employees specific nomination forms from time to time. In case of the death of any employee who has not nominated any person(s), the employee shall be Exercisable by the legal heir(s) / successor(s) of such employee, provided that the legal heir(s) / successor(s) shall be required to produce/furnish to the Company all such documents / indemnities as may be required by the Company to prove the succession to the assets of the deceased employee.

##### **2. Permanent disablement**

- a. In case an employee suffers a permanent disablement / incapacity while in employment and as consequence of such disablement or incapacity his / her employment with the Company (or its Holding Company or Subsidiary Company or Associate Company or Group company as applicable) comes to an end, all options that have been granted to such employee as on the date of such permanent disablement/incapacitation, shall vest in him/her immediately on that date. It is hereby clarified that post Listing, the lock-in period shall not be applicable in case of permanent disablement / incapacity.
- b. All options that are vested in such an employee shall be exercised within a period of **six months** from the date of such permanent disablement/incapacitation of the employee.
- c. For the purpose of this Scheme, the term “permanent disablement / incapacity” means any incapacity 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 Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Head of Human Resources of the Company.

##### **3. Resignation / Termination of employment**

- a. In the event of resignation or termination of the employee, all his unvested options as on their last working date shall forfeit.



- b. However, such an employee shall be entitled to retain all the vested options which shall be exercisable within a period of **six months** from the date of cessation/ resignation of the employment, provided such resignation or termination is not on account of misconduct or misdemeanour of the employee. After expiry of six months, the vested options shall get lapsed, if not exercised.
- c. If the resignation or termination of the employee is attributable to misconduct / misdemeanour of the employee, then in that event all options granted (whether vested or not) to the employee shall forthwith lapse and the employee shall not be entitled to exercise such options. Such options shall be liable to be forfeited by the Company.
- d. The Nomination and Remuneration Committee shall have absolute discretion in determining whether there has been any "misconduct" or "misdemeanour" on part of the employee and the decision of the Nomination and Remuneration Committee in this regard shall be final and binding on the employee.

#### 4. Retirement of an employee

- a. In case an employee, including a director to whom the options have been granted retires, or vacates his/her office upon reaching the age of superannuation as per the Company's rules or upon expiry of any employment contract or extension thereof, then in such case,
  - (i) all options granted to such employee till such date of retirement/ superannuation/ vacation of office / expiry of the employment contract, shall vest in such employee immediately on that date, provided the lock-in period in respect of such options has expired;
  - (ii) all such options in respect of which the lock-in period has not lapsed shall, subject to Applicable Laws, vest upon completion of such lock-in period;
  - (iii) provided that, post Listing, the unvested options as on the date of retirement / superannuation may continue to Vest in accordance with the original Vesting schedule even after the retirement / superannuation if so determined by the Nomination and Remuneration Committee.
- b. All such options which have vested in the employee shall be exercisable,
  - under case a(i) above, within a period of **six months** from the date of retirement / superannuation / vacation of office / expiry of the employment contract
  - under case a(ii) above, within a period of **six months** from the expiry of the lock-in period; and
  - under case a(iii) above, within a period of six months from the date of vesting of such options.
- c. In case a director is not re-appointed by the shareholders or a director is removed from his / her office without any fault of his / her own, then in such case,
  - (i) all options that have been granted to the employee of which the lock-in period has lapsed, shall vest immediately on the date of such removal;
  - (ii) all such options granted in respect of which the lock-in period has not lapsed shall, subject to Applicable Laws, vest upon completion of lock-in period. The Nomination and Remuneration Committee shall have the discretion to accelerate the vesting of the Unvested Options as on the date of the cessation subject to Applicable Laws.
- d. All such options which have vested in the employee shall be exercisable,
  - under case c(i) above, within a period of **six months** from the date of vacation / removal from office and
  - under case c(ii) above, within a period of **six months** from the expiry of the lock-in period.

#### 5. Merger and Amalgamation

The options granted hereunder shall not be affected by any takeover, merger, amalgamation of any other entity with the Company.

In the event of

- a. the Company being merged or amalgamated into any other entity, not being with promoter(s) or any entity controlled by promoter(s), or
- b. there is any material and sizable change in the controlling interest / shareholdings held by the promoter(s) of the Company or
- c. any investor acquires more than 12% of the paid-up share capital of the Company either by itself or together with relatives / group companies / entities acting in concert, then in such an event,
  - all such unvested options for which the lock-in period has lapsed from their date of grant shall vest immediately on occurrence of said event;
  - all such unvested options for which the lock-in period has not lapsed from their date of grant shall, subject to Applicable Laws, vest immediately upon completion of one year from their date of grant; and
  - all the vested options shall become immediately exercisable by the employees within the exercise period stated in Clause I(1) below.

**Explanation:** It is hereby clarified that material and sizable change in the controlling interest / shareholdings held by the promoter(s) of the Company or acquisition of more than 12% shares as aforesaid, shall be deemed to have occurred on the day the board of directors of the promoter(s) approves the decision to sell its / their interest / shareholdings or the day the Board of Directors of the Company or any committee thereof approves the decision to issue fresh shares resulting into change in shareholding, as may be applicable.

## 6. Corporate Actions

In the event of a rights issue, bonus issues, preferential issue, offer for sale, merger, sale of division and any other corporate action, the Nomination and Remuneration Committee will make fair and reasonable adjustments to the number of options and to the exercise price as it may deem fit.

In this regard the following shall be taken into consideration by the Nomination and Remuneration Committee:

- a. the number and the price of the options may be adjusted in the manner such that the total value of this ESOS remains the same after the Corporate Action.
- b. for this purpose, the procedure and process will be decided by the Nomination and Remuneration Committee which shall not be detrimental to the interest of the employees.
- c. the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option Holders.

## CLAUSE I. PROCESS OF EXERCISE OF OPTIONS

- 1. Save and except as mentioned in Clause H, employees may exercise vested options, before the expiry of 4 (four) years from the respective date(s) of vesting of the options.
- 2. At the time of exercising the options, the employees shall apply for a minimum of 1000 shares or the entire unexercised vested options held by the employee on such date.
- 3. The mode and manner of the exercise of the options shall be communicated separately to the employees.
- 4. On exercise of the options, the employee shall forthwith pay to the Company the exercise price plus the applicable taxes or such other amount which the Company has an option to recover from its past and present employees.
- 5. It is hereby clarified that subject to Applicable Laws, the options can be exercised only after they are vested in the employees and the allotment of equity shares in respect thereof shall be made within 21 days from the last date specified for the exercise of options in each month / period. Hence if an option is exercised at any time between 1<sup>st</sup> of any month till the last date specified for exercise of options for that month, the allotment shall be made within 21 days from the said last date specified for exercise of options for that month.



6. The above period of the calendar month may in the discretion of the Nomination and Remuneration Committee be modified from time to time.

#### **CLAUSE J. LAPSE OF OPTIONS AND GRANTING THEREOF**

1. Without prejudice to the provisions of clause H, the options vested in an employee shall lapse upon the expiry of 4 (four) years from the relevant date of vesting.
2. If the options are not exercised by the concerned employees within a period of four years from the relevant date of vesting of such options, the right of the employee to exercise the option and apply for equity shares shall forthwith lapse.
3. In the event of any of the options are getting lapsed pursuant to the provisions of Clause H and J, the said lapsed options shall be available to the Nomination and Remuneration Committee for grant to other employees, as the Nomination and Remuneration Committee may deem fit. The Exercise Price of such options shall be computed from the date of grant, and in compliance with applicable accounting standards as required.

#### **CLAUSE K. NON - TRANSFERABILITY OF THE OPTIONS**

1. The option granted to employees shall not be transferable to any other person. Except in case of death of an employee as provided under Clause H(1), no other person shall be entitled to exercise the option in lieu of or on behalf of or in trust for the employee.
2. The option granted to the employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

#### **CLAUSE L. TAX - LIABILITY**

1. The liability of paying tax, if any, on the options granted / vested / exercised/ allotted pursuant to this ESOS and the equity shares issued pursuant to exercise of options, shall be entirely on the employees and shall be in accordance with the provisions of the Income Tax, Act, 1961 and the rules framed there under.
2. The Company also has an option to recover the tax amount whether by way of perquisite or other applicable tax or otherwise from its past and present employees.
3. In the event of any amendments or modifications to the provisions of the Income Tax Act, 1961 and / or the rules framed there under as existing on the dates of this ESOS the Nomination and Remuneration Committee shall have the power to amend or modify this ESOS at a suitable time without the consent of the employees or shareholders as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications in the Income Tax act, 1961 and / or rules framed there under have not been made.
4. The Company shall be entitled to recover from its employees any tax that may be levied on the Company from time to time by any regulatory authorities in connection with granting / vesting / exercising of options and issue and allotment of equity shares upon exercise of such options.

#### **CLAUSE M. RIGHTS AS SHAREHOLDER**

1. The employee shall not be able to exercise any rights of a shareholder in respect of the options granted to him / her until he / she is allotted the requisite equity shares upon his/her exercising the option so granted to him / her in accordance with this ESOS.
2. No employee shall have a right to receive any dividend or to vote at any meeting of the Company or in any manner enjoy the benefits of a shareholder in respect of options granted or vested in the employee, until and unless equity shares are allotted to the employee upon exercise of the options. All equity shares of the Company issued consequent to such exercise

shall rank pari-passu (i.e. on par with and with the same rights and benefits of) with the equity shares of the Company.

#### **CLAUSE N. INTERPRETATION**

1. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with this ESOS shall be referred to the Nomination and Remuneration Committee and shall be determined by the Nomination and Remuneration Committee and any such determination / decision/interpretation by the Nomination and Remuneration Committee shall be binding on all persons affected thereby.

#### **CLAUSE O. VARIATION OF SCHEME / TRANCHE**

1. Any variation in the terms of this Scheme can be done by special resolution passed by the shareholders provided such variation is not prejudicial to the interests of the option holders.
2. The notice for passing special resolution for variation of terms of this Scheme shall disclose in full the details of the variation, the rationale therefor, and the details of the employees who are beneficiaries of such variation. Provided further that, post Listing, the Nomination and Remuneration Committee may revise any of the terms and conditions of the ESOS to meet any regulatory requirements without seeking shareholders' approval.

#### **CLAUSE P. REGULATORY APPROVALS**

1. This ESOS shall be subject to such regulatory approvals as may be required from time to time. Further, for Listing of shares issued pursuant to the ESOS, the Company shall obtain in-principle approval of the stock exchanges where it is proposed to list the said shares.
2. The Company shall make the requisite disclosures in respect of the Scheme, in the manner specified under the Applicable Laws.

#### **CLAUSE Q. SEVERABILITY**

1. If any term or provision of this Scheme or tranche(s) should become or declared as invalid or unenforceable or prohibited by law, then,
  - such term or provision shall become inoperative and
  - the remaining terms and provisions of this Scheme or tranche(s) shall remain unimpaired, valid, binding and in full force and effect as if such term or provision was not part of this Scheme / tranche.

#### **CLAUSE R. MALUS/CLAWBACK ARRANGEMENT**

The Grant, Vesting and Exercise of Options under this Employee Stock Option Scheme shall be subject to the Malus and Clawback provisions under the Company's Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Company to the Employees, or as per the revisions to the employment contracts/ terms and in accordance with the Reserve Bank of India's Scale Based Regulations, as may be amended, replaced, substituted, restated from time to time.

#### **CLAUSE S: ACCOUNTING POLICIES**

The Company shall follow the requirements of the 'Guidance Note on Accounting for employee share based Payments' (Guidance Note) or Accounting Standards as may be prescribed by Institute of Chartered Accountants of India and the SEBI SBEB Regulations, from time to time, including the disclosure requirements prescribed thereunder.

Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the schemes covered under the SEBI SBEB Regulations

then the Company shall comply with the relevant Accounting Standard as may be prescribed by the Institute of Chartered Accountants of India from time to time.

#### **CLAUSE T: GOVERNING LAW AND JURISDICTION**

The terms and conditions of this Scheme shall be governed by and construed in accordance with the laws of India. The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this scheme.

Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Scheme;

- a. in any other court of competent jurisdiction; or
- b. concurrently in more than one jurisdictions.

#### **CLAUSE U. NOTICES**

All notices of communication required to be given by the Company to an Employee by virtue of this Scheme shall be in writing and shall be sent to the email or address of the Employee available in the records of the Company and any communication to be given by an Employee to the Company in respect of this Scheme shall be sent to the Corporate Office of the Company.

#### **CLAUSE V. OTHER TERMS**

1. No guarantee of returns: Participation in this ESOS shall not be construed as any guarantee of return on any investment. Any loss/potential loss on any account of fluctuation in the price of Shares or any other account whatsoever and the risks associated with such investments will be that of the Employee alone and not of the Company.
2. No Prohibition on New Schemes: Nothing contained in the ESOS shall be construed to prevent the Company from implementing any other new scheme, in accordance with Applicable Laws, for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have any adverse impact on the ESOS or any grant made under the ESOS. No Employee or other person shall have any claim against the Company as a result of such action.
3. No Restriction on Corporate Action: The existence of the ESOS and any Grant made hereunder shall not in any way affect the right or the power of the Board or the shareholders of the Company to make or authorise any change in capital structure, including any issue of shares, debt or other securities having any priority or preference with respect to the shares of the Company or the rights thereof or from making any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on the ESOS or any Grant made under the Scheme. No Employee or other person shall have any claim against the Company as a result of such action.

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