



MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED  
(Amended w.e.f August 2, 2017)

EMPLOYEES STOCK OPTION SCHEME 2014

The Mahindra Holidays & Resorts India Limited Employees Stock Option Scheme-2014 (ESOS-2014) has been formulated by the Nomination and Remuneration Committee (NRC) of Board of Directors of Mahindra Holidays & Resorts India Limited and approved by it in its meeting held on 27<sup>th</sup> August, 2014, subject to the authority vested in it by the Shareholders through Postal Ballot dated 26<sup>th</sup> December, 2014 and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Companies Act, 2013.

1. **Purpose**

The Company already has a remuneration policy, which is linked to performance of the employee, the seniority of the employee, the commitment in executing his/her duty, etc. The objective of the ESOS-2014 is not merely to have another kind of remuneration. The objective is also to use the scheme as a business strategy to enhance the Company's profitability by providing equity linked incentive to employees, so that the employees keep exploring possibilities of increasing the revenue, saving costs and enhancing the profits of the Company. With this objective in mind the ESOS-2014 will provide the employees with an additional incentive in the form of Options to receive the equity shares of the Company at a future date and motivate them to remain with the Company.

The Company proposes to issue and allot the shares in respect of the ESOS-2014 either directly to the employee or to the existing employee benefit trust in the name of Mahindra Holidays & Resorts India Limited Employee Stock Option Trust ("the Trust") that will hold these shares for the benefit of the employees. Further, in accordance with the directions and the recommendations of the Nomination and Remuneration Committee of Directors of the Company, the Company or the Trust shall grant Options to the employees in respect of the equity shares allotted to it. On the exercise of the Options by the employees, the Company or Trust shall allot/distribute to the employees the equity shares in the Company as described below.

2. **Definitions**

The following terms as used herein shall have the meaning specified:

- (a) **Associate company** shall have the same meaning as defined under section 2(6) of the Companies Act, 2013;
- (b) **Company** means Mahindra Holidays & Resorts India Limited, a Company incorporated under the provisions of the Companies Act, 1956 and having its



registered office at 2<sup>nd</sup> Floor, Mahindra Towers, 17 / 18, Patullos Road, Chennai - 600 002.

(c) **Employee(s)** means:

- (i) employees to whom an Option is Granted under the ESOS;
- (ii) a permanent employee of the Company who has been working in India or outside India; or
- (iii) a director of the Company, whether a whole time director or not but excluding an independent director; or
- (iv) an employee as defined in clauses (ii) or (iii) of a subsidiary, in India or outside India, or of a holding company of the Company or of an associate company but does not include
  - (a) an employee who is a Promoter or a person belonging to the Promoter Group; or
  - (b) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company;

(d) **Eligible Employee(s) or Beneficiary(ies)** means all Employees to whom an Option is Granted under the ESOS, or those Employees who satisfy the eligibility criteria for Grant of Options.

provided however the directors nominated by an institution, if any, shall be eligible subject to their arrangement with the nominating institution.

- (e) **Equity Share** means an equity share in the Company of the face value of Rs.10 (Rupees ten only) each or where the equity share of the Company has been split up into a par value of less than Rs. 10 (Rupees ten only), then the equivalent number of equity shares for the revised par value per equity share.
- (f) **ESOS:** means "Employee Stock Option Scheme" adopted and implemented by the company pursuant to resolutions of the Board of Directors of the Company dated 30th October, 2014 and 26th December, 2014 passed by the shareholders of the Company and means a scheme under which a company grants employee stock option directly and or through a trust;
- (g) **Exercise** means the act whereby the Eligible Employee actually applies to the Company or the Trust to issue/purchase the Equity Shares underlying the Option(s) vested in him/her under the ESOS and this Scheme, in accordance with the procedure laid down by the Company/the Trust.
- (h) **Exercise Application** means the application form as may be prescribed, in which the Eligible Employee has to apply to the Company/Trust for exercising the Options granted and vested to/in him/her.



- (i) **Exercise Date** means the date on which a Beneficiary exercises his/her Option(s) to acquire the Equity Shares of the Company from the Company/ Trust.
- (j) **Exercise Price** means the price at which the Eligible Employee is entitled to acquire the Equity Shares pursuant to the Options granted and vested in him/her under the ESOS. The Exercise Price per Equity Share shall be decided by the Company/Trust in accordance with the recommendations of the Nomination and Remuneration Committee at the time of Grant of Options.

PROVIDED THAT the Exercise Price shall be calculated at a discount not higher than 15% of the average of the daily high and low of the prices for the **Company's** equity shares quoted on the National Stock Exchange of India Limited during the 15 days preceding the date of grant of the Options, which for this purpose shall be the date on which the Nomination and Remuneration Committee meets to make its recommendations to the Company/Trust for the grant of Options. In determining the Exercise Price as aforesaid, the Nomination and Remuneration Committee shall take into consideration various factors which, among other things, would include the trend in the market price of the **Company's** shares quoted on the National Stock Exchange of India Limited, the Regulations and guidelines prescribed by the Securities and Exchange Board of India or of any other regulatory authority or amendments thereto from time to time.

- (k) **Exercise Period** means the period specified by the Nomination and Remuneration Committee while recommending grant of options, not being later than five (5) years from the date of vesting, within which an Eligible Employee is entitled to exercise the Option vested in him/her to apply for the Equity Shares of the Company in accordance with the terms of this ESOS.
- (l) **Grant** means the process whereby the Nomination and Remuneration Committee determines the entitlement of the specified Eligible Employees to a specific number of Options in accordance with this ESOS, approves the same and makes a recommendation to the Trust to issue Eligible Employees a Letter of Grant.
- (m) **Grant Date** means the date on which the Nomination and Remuneration Committee approves the Grant;
- (n) **"Group"** means two or more companies which directly or indirectly, are in a position to, -
  - i exercise twenty-six per cent. or more of the voting rights in the other company; or
  - ii appoint more than fifty per cent. of the members of the board of directors in the other company; or
  - iii control the management or affairs of the other company;



- (o) **Holding Company / Subsidiary Company** means the Holding or Subsidiary Company(ies) of the Company in accordance with the definition under the Companies Act, 2013 or any other act/amendment thereon.
- (p) **Independent Director** shall have the same meaning assigned to it in Clause 49 of the equity Listing Agreement as prescribed by the SEBI and as defined under the Companies Act, 2013;
- (q) **Letter of Grant** means the letter issued by the Company or the Trust intimating the Eligible Employee of the Options granted to him/her for acquiring a specified number of Equity Shares from the Company/Trust at the Exercise Price.
- (r) **Market Price** means the latest available closing price, prior to the date of the meeting of the Nomination and Remuneration Committee in which grant of options are considered/shares are issued, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then the stock exchange where there is highest trading volume on the said date shall be considered.
- (s) **Long Leave** means Earned Leave, Maternity Leave and Study Leave as per the Company rules and practices.
- (t) **Option(s)** means a right but not an obligation granted under this ESOS to the Eligible Employees to purchase from the Company/Trust a specified number of Equity Shares of the Company, directly or indirectly, underlying the option(s), at a future date specified in the Letter of Grant at the Exercise Price.
- (u) **Option Grantee** means an employee having a right but not an obligation to exercise an Option(s) in pursuance of ESOS;
- (v) **Promoter** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (w) **Promoter Group** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:  
  
Provided where the Promoter or Promoter Group of a company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of such company;
- (x) **Nomination and Remuneration Committee** means the Committee of Directors as constituted by the Board of Directors of the Company and entrusted with the authority to formulate and implement the ESOS.



- (y) **Relative** shall have the same meaning as defined under Section 2(77) of the Companies Act, 2013;
- (z) **“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 or to the Trust by the employee;
- (aa) **Regulations** means the Securities Exchange Board of India (Share Based Employee Benefits) Regulations 2014, as amended from time to time;
- (bb) **Scheme** means this scheme of the Company proposing to provide share based benefits to its employees, which may be implemented and administered directly by the Company or through a Trust, in accordance with the Regulations and these presents;
- (cc) **Trust** means Mahindra Holidays & Resorts India Limited **Employees’** Stock Option Trust.
- (dd) **Trustees** means trustees appointed in accordance with the Deed of Trust executed by the Company for the purpose of establishing the Trust.
- (ee) **Vesting** means the process by which the employee is given the right to apply for shares of the Company against the option granted to him in pursuance of ESOS.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the SEBI Act, 1992 or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 1956 (to the extent applicable) or the Companies Act, 2013 or the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended or any statutory modification or re-enactment thereof, as the case may be.

## 2.1 Interpretation

In this Scheme-, unless the contrary intention appears:

- 2.1.1 the Clause headings are for ease of reference only and shall not be relevant to interpretation;
- 2.1.2 a reference to a Clause number includes a reference to its Sub-Clauses;



- 2.1.3 words in the singular include the plural and vice versa, if the context so requires;
- 2.1.4 words importing a particular gender include any other gender;
- 2.1.5 a reference to a Clause or a Sub-Clause, unless otherwise specified, is a reference to a Clause or Sub-Clause as the case may be of this ESOS ; and
- 2.1.6 all decisions, determinations and interpretations of the Nomination and Remuneration Committee shall be final and binding on all Employees.

### 3. Grant of Options - Trust Route/Direct Allotment

- (a) Trust Route - The Trust shall administer the ESOS in respect of the shares allotted to it in accordance with the terms of a Deed of Trust executed by the Company and the directions given by the Nomination and Remuneration Committee from time to time under the ESOS. The Trustees shall Grant Options based on the recommendations of the Nomination and Remuneration Committee. On the exercise of the Options by the Eligible Employees, the Trust shall distribute the Equity Shares in respect of such Options to the Eligible Employees. The Trustees shall be advised by the Nomination and Remuneration Committee in relation to the operation of the ESOS, which advice shall be binding upon the Trust. No member of the Nomination and Remuneration Committee or the Trust shall be liable for any action or determination made by him/her in good faith. No Trustee shall participate and / or vote with respect to any Option granted or to be granted to such Trustee under the ESOS.
- (b) Direct allotment - In the event of the Company/Nomination and Remuneration Committee decides to provide Grant of Options outside Trust route i.e. through direct allotment of shares by the Company to the employees, as and when they exercise the Options granted allot the shares directly to the employees and Nomination and Remuneration Committee may prescribe necessary procedures for the same
- (c) Subject to the terms of the resolution passed by the shareholders through Postal Ballot dated 26<sup>th</sup> December, 2014, approving the issue of shares to the Employees under this Employees Stock Option Scheme and the Regulations prescribed by the Securities and Exchange Board of India, Nomination and Remuneration Committee in its absolute discretion has been authorised to determine all the terms governing the ESOS including but not limited to:
- determining the Eligible Employees to whom the Options are to be granted;
  - the time when the Options are to be granted;
  - the number of tranches in which the Options are to be granted and the number of Options to be granted in each such tranche;



- the quantum of Options to be granted at various points in time;
- the criteria for determining the number of Options to be granted to the Eligible Employees;
- the number of Options to be granted to each Eligible Employee;
- the terms and conditions subject to which the Options granted would vest in the Eligible Employee;
- the vesting schedule and the date of vesting of the Options granted;
- the terms and conditions subject to which the Options vested would be exercisable by the Eligible Employee including the Exercise of Option on termination and resignation by Eligible Employee and the treatment of unvested Options thereto;
- the conditions under which Options vested in Eligible Employees may lapse in case of termination of employment for misconduct;
- the date by which the Options have to be exercised by the Eligible Employee including retired employees;
- the number of Options to be apportioned/allocated for various grades of Eligible Employees;
- assignment of weightage to length of service, grade and performance rating;
- the number of Options reserved, if any, for granting to new employees who would join the services of the Company; and
- the procedure for making adjustments in relation to the Options in case of corporate actions such as rights issues, bonus issues, sub division of shares, merger, acquisition, sale of division etc.
- framing of all other relevant and appropriate procedures for the Options and ensuring compliance with all the relevant provisions of applicable laws, regulations and guidelines.
- Mechanism of Allotment of shares: either directly to employees or through a Trust or other entity which may be setup for this purpose.
- arranging to get the Equity Shares, issued under the ESOS, listed on the Stock Exchanges on which the equity shares of the Company are already listed or may be listed in future.



- ensuring submission of information / reports, etc., in connection with the ESOS, to the Stock Exchanges at stipulated periodical intervals or otherwise.

The terms prescribed by the Nomination and Remuneration Committee shall be final and binding on all the Employees and the Trust.

The Nomination and Remuneration Committee shall also frame suitable policies and systems to ensure that there is no violation of:

- a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended; and
- b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended

by any Employee.

With respect to any matters that are not specifically provided for, the Nomination and Remuneration Committee shall have absolute discretion to decide such matters in the manner deemed fit by it and any such decision of the Nomination and Remuneration Committee shall be binding on all Eligible Employees and the Trust.

#### 4. Total number of Equity Shares in respect of which Options could be granted.

The issued and paid-up capital of the Company consists of 8,87,80,856 Equity shares of Rs.10 each as on September 30, 2014. Under ESOS, upto 20,00,000 Options convertible into 20,00,000 Equity Shares of the face value Rs.10 each are available for being granted to various Eligible Employees. 20,00,000 Equity Shares to be issued to the Eligible Employees/Trust for the purposes of the ESOS constitute 2.25% of the total issued and paid-up share capital of the Company as on 30<sup>th</sup> September, 2014.

As on 30<sup>th</sup> September, 2014, 7,55,808 equity shares of Rs. 10 each were held by the Trust under the Mahindra Holidays & Resorts India Limited Employees Stock Option **Scheme formulated in July, 2006 ('2006 Scheme')**. **As on the same date, 5,01,660** options were in force which could be exercisable into 5,01,660 equity shares of Rs. 10 each. Accordingly, the balance available with the Trust under the 2006 Scheme was 2,54,148 equity shares of Rs. 10 each which amounts to 0.29% of the equity share capital of the Company as on September 30, 2014. These balance shares available with the Trust under the 2006 Scheme as on September 30, 2014 together with any other shares represented by Options that may lapse for any reason thereafter, will also be available to the Trust/company for issuing/ granting Options to the Employees under the ESOS.

The Company reserves the right to issue further Equity Shares to the Trust/eligible employees at its discretion, for the purposes of the ESOS or any further scheme/plan as may be determined by the Company, subject to compliance with the applicable



laws. In event of issue of shares to the Trust, it shall hold the said Equity Shares upon trust for the benefit of the Eligible Employees. The Trust shall in turn issue Options to the Eligible Employees in accordance with the terms and conditions specified herein.

The Company/Trust shall, on the basis of the recommendations of the Nomination and Remuneration Committee, grant from time to time the Options to the Eligible Employees; provided that the maximum number of options to be granted to any Employee under ESOS shall not in the aggregate exceed 4,00,000 equity shares of Rs.10each.

The Nomination and Remuneration Committee is authorised to determine in its absolute discretion the number of tranches in which the Options may be granted by the Company/Trust.

The Trust shall not acquire or deal in securities of the Company through the secondary market.

**5. Options allocated for various grades/groups of grades of Eligible Employees and for individual allotment based on length of service and/or grade and/or performance rating.**

The Nomination and Remuneration Committee shall have the authority to allocate a certain percentage out of the total available Options for being granted by the Company / Trust to various grades/group of grades of Eligible Employees. The Nomination and Remuneration Committee shall also have in its absolute discretion the authority to further allocate a certain percentage out of the aforesaid, for grant of the Options by the Company / Trust to individual Eligible Employees based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee, etc. The Trust shall Grant Options to the Eligible Employees based on the recommendations of the Nomination and Remuneration Committee.

**6. Basis of determining the number of Options to be Granted**

The criteria for eligibility of the Eligible Employees for the Grant of Options will be decided by the Nomination and Remuneration Committee based on criteria such as the grade of Employee, length of service, performance record, merit of the Employee, future potential contribution by the Employee, etc. The Nomination and Remuneration Committee, from time to time, may review and revise the criteria for eligibility as aforesaid in keeping with the needs of the business and remuneration policies.

The actual number of Options to be granted to each Employee would be in accordance with the criteria determined by the Nomination and Remuneration Committee in its absolute discretion, and communicated to the Company/Trust.

The Nomination and Remuneration Committee may not recommend the Grant of any Options or may not recommend the vesting of Options already granted in the event



the Eligible Employee has not performed up to the expectations or has not attended the office for a substantial period of the financial year of the Company or in case of misconduct of the Employee or in such other circumstances as it may deem fit in its absolute discretion.

The date of the meeting of the Nomination and Remuneration Committee for considering the grant of the Options would be the relevant date for determining the criteria for considering the Grant of Options.

## 7. Vesting of the Options Granted

The Options granted would vest within such time from the date of grant and in such number of instalments and subject to such terms as the Nomination and Remuneration Committee may determine, in its absolute discretion and recommend to the Company/Trust, at the time of grant of the Options, subject to a minimum vesting period of one year.

The maximum vesting period may extend up to five years from the date of grant of Options, unless otherwise determined by the Nomination and Remuneration Committee.

## 8. Procedure of Granting and exercising

### A. Grant

The Company/Trust shall upon the recommendation of the Nomination and Remuneration Committee Grant such number of Options to all such Eligible Employees who have been recommended by the Nomination and Remuneration Committee. The Company/Trust shall issue Letters of Grant within such time from the date of Grant as it may deem fit, containing such terms and conditions relating to the vesting and exercise of the Options as may be stipulated by the Nomination and Remuneration Committee and in particular the following:

- a. Employment Agreement: The Company/Trustees may, in their discretion, include in the terms of any Option granted under the ESOS, a condition, that the Eligible Employee shall agree to remain in the employment of, and to render services to, the Company, or, as the case may be, a Holding or subsidiary or associate company, for a period of time, specified in the Agreement, from the date of Grant. The grant of an Option shall, however, not impose upon the Company any obligation to employ the Eligible Employee for any period of time.
- b. Number of Equity Shares: Each Letter of Grant shall state the total number of Equity Shares underlying the number of Options granted.
- c. Vesting of Options: The Options granted pursuant to this ESOS shall vest in such number of tranches as determined by the Nomination and Remuneration



Committee, subject to a minimum vesting period of one year. The Eligible Employee shall be entitled to exercise the Options only to the extent that the Options have vested in accordance with the Letter of Grant.

- d. No rights of Shareholders: An Eligible Employee shall not have any of the rights of a shareholder of the Company until the Equity Shares are transferred to him/her, and, no adjustments may be made for dividends or other rights for which the record date is prior to the date such Equity Shares are transferred to the Eligible Employee.
- e. No right to transfer the Options: the Option granted to an Eligible Employee shall not be transferable to any person. No person other than the Eligible Employee to whom the Option is granted, except as set out hereunder, shall be entitled, to the benefit arising out of such Option.

## B. Exercise

- a. An Eligible Employee wishing to exercise the Options vested in him/her shall submit an application in the specified format to the Company/Trust along with a cheque/demand draft for the Exercise Price being the number of Options exercised multiplied by the Exercise Price per Equity Share as indicated in the Letter of Grant. Such cheque/demand draft should be drawn on any bank payable at Chennai and shall be drawn in favour of the Company or the Trust, as the case may be.
- b. Save as provided in Clause 10, the Options vested in the Eligible Employee shall be exercised by him/her within such period as may be determined by the Nomination and Remuneration Committee while recommending the grant of options; provided that such period shall not exceed five (5) years from the date of vesting of options. The Eligible Employee may exercise any number of Options during each tranche subject to the following conditions:-
  - (i) The Eligible Employee must exercise a minimum of 100 (One Hundred only) Options or Options vested whichever is lower in each tranche;
  - (ii) The Options vested in an Eligible Employee shall be exercised by the eligible employees by submission of exercise application form to the Company or the Trust as the case may be.
- c. The Nomination and Remuneration Committee may also determine the number of tranches in which the options granted may be exercised as also the minimum number of options that may be exercised in each tranche.
- d. The Options remaining unexercised at the end of the Exercise Period or such extended period as may be determined by the Nomination and Remuneration Committee shall lapse.



- e. For all Options exercised during a calendar quarter being either 1<sup>st</sup> January to 31<sup>st</sup> March, 1<sup>st</sup> April to 30<sup>th</sup> June, 1<sup>st</sup> July to 30<sup>th</sup> September or 1<sup>st</sup> October to 31<sup>st</sup> December, the Company or Trust, as the case may be, shall take appropriate steps to allot / transfer the relevant number of Equity Shares as soon as possible but not later than the expiry of the first month of the subsequent quarter and shall thereafter either deliver share certificates to the concerned employees for the relevant number of Equity Shares or credit the relevant number of Equity Shares to their designated depository account. The period aforesaid for grouping of Exercise and allotment/ transfer of Equity Shares would be subject to review by the Nomination and Remuneration Committee from time to time.
  - f. The Eligible Employees who wish to exercise the Options will have the right to include the names of their spouse, children and/or their parent(s) as the second and third holders of the shares to be transferred consequent to the exercise of the Options.
9. **Event of death/incapacitation of any Employee who has been Granted Options / Long leave**

Notwithstanding anything contained herein, in case of death or permanent disability of any Eligible Employee whilst in the service of the Company, the Options granted but not vested in that Eligible Employee shall vest in the legal heirs or person(s) nominated by such Eligible Employee in case of death and in the Eligible Employee himself/herself in case of permanent disability. These Options shall vest in, and shall be exercised by the nominee(s)/ Eligible Employee as the case may be within such period as may have been determined by the Nomination and Remuneration Committee while recommending the grant of options; provided that such period shall not exceed five (5) years from the date of vesting of options. The nomination shall be made in the form prescribed by the Company/Trust for this purpose.

In case of the death of any Eligible Employee who has, not nominated any person(s), the Option will vest in and shall be exercised by the successor(s) of such Employee within such time as is stipulated in the Letter of Grant, provided however that the successor(s) shall be required to produce to the Company all such documents as may be required by the Company to prove the succession to the assets of the deceased Eligible Employee. In case the proof of the succession is not produced to the Company within one year from the date of death of the Eligible Employee or such further time as the Nomination and Remuneration Committee or the Trust may permit in its absolute discretion, the Options shall lapse.

Where an Eligible Employee has been granted a long leave, then the Employee shall be entitled to retain all the Options vested in him at the time of going on long leave and exercise the Options in accordance with this ESOS. Vesting of all options granted to such employee which are not vested at the time of commencement of long leave



shall remain suspended during such long leave period and vesting of such options would recommence subject to the following -

- (1) Eligible Employee rejoining and resuming the contract of employment; and
- (2) Eligible Employee fulfilling terms and conditions, in respect of Long Leave, prescribed by the Company.

(Long leave means authorised leave in excess of 6 months as per the rules and practices of the Company.)

#### 10. Event of termination of service of the Employee who has been Granted Options

##### a. Due to resignation of the Employee

In case of termination of the services of the Eligible Employee due to resignation, the Options granted but not vested shall automatically lapse forthwith on submission of the resignation by the Eligible Employee. However the Employee shall be entitled to retain all the Vested Options and Exercise the same within a period of six months from the date of cessation of the employment.

PROVIDED such Eligible Employee does not engage in any capacity with any company or entity which is in similar business as that of the Company or its subsidiary / Associate/Group company that such Employee has worked with or has been associated with, without the prior written approval of the Company.

For the purposes of this clause, resignation means voluntary cessation of employment otherwise than on retirement or early retirement as defined/referred to in sub clause (d) below.

##### b. Due to dismissal or discharge for misconduct of the Eligible Employee

In case of termination of the services of the Eligible Employee due to dismissal for misconduct of the Eligible Employee, the Company/Trust shall have the right (on recommendation to that effect by the Nomination and Remuneration Committee) to cancel the Options granted but not vested and/or Options vested but not exercised by such Eligible Employee.

##### c. Due to discharge for reasons other than misconduct of the Eligible Employee

In case of termination of the services of the Eligible Employee due to discharge for any reason other than misconduct of the Employee or resignation by the Employee or Early Retirement or normal retirement, the terms relating to vesting and exercise shall be determined by the Company/Trust on the recommendation of the Nomination and Remuneration Committee.



**d. Due to retirement of the Eligible Employee**

In case the Eligible Employee retires from the Company or its Holding / Subsidiary / Associate/ Group company pursuant to reaching the age of retirement as prescribed by the Company or its holding / subsidiary / Associate/ Group company as the case may be, the Options not vested in the Eligible Employee on the date of retirement shall notwithstanding such retirement vest in and be exercisable by such Eligible Employee in accordance with the vesting schedule and the Exercise Period specified in the Letter of Grant, PROVIDED such Eligible Employee does not engage in any capacity with any company or entity which is in similar business as that of the Company or its subsidiary / Associate Group company that such Employee has worked with or has been associated with, without the prior written approval of the Company.

However, the Options vested in the Eligible Employee who has retired from the services of the Company or its holding / subsidiary / Associate/ /Group Company but not exercised by him could be exercised by such Eligible Employee in accordance with the Exercise Period specified in the Letter of Grant, PROVIDED such Eligible Employee does not engage in any capacity with any company or entity which is in similar business as that of the Company or its Holding / Subsidiary / Associate/ Group Company that such Employee has worked with or has been associated with, without the prior written approval of the Company.

In case an Eligible Employee who has been granted Options, opts for Early Retirement otherwise than under a Scheme of Voluntary Retirement, all Options that are not vested in the Eligible Employee on the date on which the Eligible Employee so retires shall lapse. However, the Options vested but not Exercised by an Eligible Employee who has opted for Early Retirement otherwise than under a Scheme of Voluntary Retirement shall be exercised by such Eligible Employee in accordance with the Exercise Period specified in the Letter of Grant, PROVIDED such Eligible Employee does not engage in any capacity with any company or entity which is in similar business as that of the Company or its Holding / Subsidiary / Associate/ Group Company that such Employee has worked with or has been associated with, without the prior written approval of the Company.

**e. Employees who are transferred to holding / subsidiary / associate/ Group company(ies)**

In case of services of an Eligible Employee to whom Options have been granted, are transferred by the Company to one of its Holding / Subsidiary / Associate /Group Company(ies) prior to the date of vesting of all Options granted, such Unvested Options shall vest in accordance with the vesting schedule specified in the Letter of Grant, provided the Eligible Employee continues to be in the employment of the respective Holding / Subsidiary / Associate/Group Company(ies) on the date(s) of vesting of the Options.



- f. Notwithstanding the above, the Company/Trust, based on the recommendation of the Nomination and Remuneration Committee, in its absolute discretion shall have the authority to waive the aforesaid restriction relating to the subsequent vestings.
- g. In case of termination of the services of the Eligible Employee due to his/her retirement pursuant to a scheme of voluntary retirement as formulated by the Company, the terms relating to vesting and exercise shall be framed by the Nomination and Remuneration Committee.

**Explanation :-**

For the purposes of clauses (a), (d) and (e) above,

- (i) the decision of the Nomination and Remuneration Committee in ascertaining as to whether the company or entity with which the concerned Employee is / has been associated is in similar business as that of the Company, its Holding / Subsidiary or Associate/ Group Company shall be final and binding on all concerned; and
- (ii) in case of any doubt the Nomination and Remuneration Committee shall have the authority to determine whether a company is an associate or a Group company of the Company and such decision of the Nomination and Remuneration Committee shall be final and binding on all concerned.

**11. Suspended Employees and Employees under enquiry**

In case an Eligible Employee has been suspended or in case of an Eligible Employee against whom an enquiry is being conducted for any reason,

- (i) all Options which have not vested in such employees on the date of suspension or commencement of enquiry shall stand suspended and shall not vest; and
- (ii) all Options which have vested but not exercised shall not be exercisable

until the enquiry is completed.

At the conclusion of such an Enquiry –

- (a) If the Eligible Employee is found guilty of misconduct under any such enquiry, the provisions of clause 10(b) above shall apply;
- (b) If the Eligible Employee is acquitted of the charges framed against him, all options which were due for vesting / exercise and have not been vested or exercised in view of the suspension of such Eligible Employee or pendency of an enquiry shall vest in him and be exercisable subject to the other provisions of ESOS within such period as the Nomination and Remuneration Committee may determine.



## 12. Lapsed/cancelled/Surrender Options

When an Option lapses and/or is cancelled and/or is Surrender under any of the circumstances mentioned above, then the Eligible Employee shall have no right, title or interest in respect thereof or any claim or demand of any nature whatsoever against the Company or the Trust. In the event of the lapse/cancellation of any Options, the Company/Trustees shall be entitled, on the recommendation of the Nomination and Remuneration Committee, to issue fresh Options in lieu of the lapsed/cancelled Options, and grant such Options to such Eligible Employees as recommended by the Nomination and Remuneration Committee.

## 13. Other conditions

- (a) The Eligible Employee shall not, directly or indirectly, sell, pledge, assign or otherwise transfer or dispose of (hereinafter collectively referred to as '**alienation**') all or any unexercised portion of the Options or the rights and benefits attached thereto.
- (b) If any bonus and/or rights Equity Shares are issued by the Company or the Equity Shares of the Company are split up reducing the face value per Equity Share, then the Company shall, on the recommendations of the Nomination and Remuneration Committee, make a fair and reasonable adjustment to the number of outstanding Options and/or to the Exercise Price.

Similarly, if the Company takes any action which in the opinion of the Nomination and Remuneration Committee requires any adjustment to the number of outstanding Options and/or the Exercise Price, then the Company/Trust shall, on the recommendations of the Nomination and Remuneration Committee, make a fair and reasonable adjustment to the number of outstanding Options and/or to the Exercise Price.

- (c) The Options granted herewith shall not be affected by any takeover by/of, merger with, or amalgamation of any other entity with the Company or in the event of restructuring of the capital of the Company. In such an event, the Company/Trust on the recommendation of the Nomination and Remuneration Committee shall have the authority to alter all or any of the terms relating to the Grant and would also have the authority to do all such acts and deeds as it may deem fit in its absolute discretion and as permitted under law, so as to ensure that the benefits under the Grant are passed on to the Eligible Employees.
- (d) If the Options are granted through the Trust route, then the Trust shall have the discretion, but shall not be obliged to distribute the dividends received from the Company to such Eligible Employees to whom the Options have been granted but have not exercised their Options.



- (e) The date of exercise of Options shall be the date on which the Eligible Employee submits the Exercise Application (complete in all respects) for exercising the Options granted to him, to the Trust.
- (f) Grant, vesting and exercise of Options will be liable to tax, if any, in the hands of the Eligible Employee in accordance with the provisions of the Income-tax Act, 1961 and the Rules framed there under from time to time. The Company or the Trust will deduct tax at source, wherever necessary, from any payments to the Employee concerned in respect of his entitlements under the ESOS. Further, the Company shall notwithstanding anything contained in this Scheme or any other agreement or scheme for granting of Options to the Employee concerned, have the right to recover from such Employee (including former Employee) an amount equivalent to any tax, cess, levy, or assessment, by whatever name called including, without limitation, levied upon or payable whether by the Company or by the employer of such Eligible Employee as the case may be, in respect of or in relation to such Options. If necessary, the Trust may also sell or otherwise dispose of part of the Equity Shares to be transferred to the Eligible Employees who have received their Options, and to retain the proceeds thereof towards deduction of tax or otherwise required to meet any tax obligation of the Eligible Employee or the Company or the employer of such Eligible Employee, as the case may be.

The decision of the Company/Trust on the recommendation of the Nomination and Remuneration Committee on any of the above matters including the date of exercise of Options will be final and binding on the Eligible Employees.

#### **14. Reservation of Equity Shares**

The Company, during the term of this ESOS, shall issue and transfer, and will seek or obtain, from any regulatory authority having jurisdiction, any approval or consent, if necessary, to issue the Equity Shares to the Trust/eligible employees. The Company/Trustees during the term of this ESOS, will at all times reserve and keep available and will seek or obtain from any regulatory body having jurisdiction, any approval or consent, necessary to transfer the Equity Shares to satisfy the requirements of this ESOS. The inability of the Company and/or the Trust to obtain from any regulatory authority the requisite approval or consent for the lawful issuance and transfer of the Equity Shares hereunder shall relieve the Company and/or the Trustees of any liability in respect of the failure to issue or transfer the Equity Shares.

#### **15. Effective Date of the ESOS**

The ESOS shall be effective from the date that the ESOS is approved by the Nomination and Remuneration Committee and shall continue in effect till its termination by the Nomination and Remuneration Committee.



## 16. Surrender of Options:

- 16.1 An Employee may surrender his vested / unvested options at any time during his employment with the Company.
- 16.2 Any Employee willing to surrender his options shall communicate the same to the Nomination and Remuneration Committee in writing. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. All such Options that so terminated shall revert to the ESOS and may be granted at the discretion of the Nomination and Remuneration Committee to any other Eligible Employee. There shall be no further obligation in regard of such terminated Options.

## 17. Exit Mechanism

- (i) The Employee would be entitled to transfer the Equity Shares at any time in accordance with the provisions of the Articles of Association of the Company and the applicable laws.
- (ii) In future, the Company/Trust may, but is not obliged to, buy back the whole or any part of the Equity Shares from its shareholders, including Employees, in accordance with the provisions of the Companies Act, 2013 including any modification or re-enactment thereof.

## 18. Variation of Terms of ESOS

- (a) The Company may by a special resolution in a general meeting vary, modify or alter the terms of the ESOS, in a manner which is not detrimental to the interests of the Employees, in respect of the Options which have yet not been exercised by the Employees.

Provided that the company shall be entitled to vary the terms of the schemes to meet any regulatory requirements.

- (b) Further, the Company may re-price the Options which have yet not been exercised by the Employees, whether or not they have been vested, if the Options are rendered unattractive due to fall in the share price in the stock market.

Provided that the Company shall, subject approval of its shareholders in general meeting, ensures that such repricing is not detrimental to the interest of the employees.

- (c) The Board of Directors/ Nomination and Remuneration Committee shall have the absolute authority to vary or modify the terms of the scheme in accordance with the Regulations and the guidelines prescribed by the Securities and Exchange



Board of India or Regulations that may be issued by any appropriate authority from time to time, unless such variation, modification or alternation is detrimental to the interests of the Employee.

## 19. **Applicable Laws**

- (i) The provisions of the ESOS comply with the provisions of the, Companies Act, 2013. The Regulations and the Income-tax Act, 1961.
- (ii) The ESOS would be subject to all applicable laws at present and those which may become applicable in the future. In order to comply with any such law(s), if it is necessary to modify any of the provisions contained herein, then the Company shall be entitled to suitably vary the terms of the ESOS by a special resolution in a general meeting of the members of the Company.
- (iii) In respect of the ESOS, the Company shall conform to the applicable Accounting Policies.

## 20. **Representation**

Neither the Company nor the Nomination and Remuneration Committee nor the Trust makes any representation regarding the performance of the Company or the future value of the Equity Shares. Each Employee should take the decision to exercise the Options granted to him/her after considering all the provisions of this ESOS and other relevant factors.

The grant of the Options shall not be construed as giving an Option holder the right to be retained in the employment of the Company, The ESOS shall not form part of any contract of employment between the Company and the Option Holder, The right and obligations of the Option Holder under the terms of his office or employment with the Company shall not be affected by his participation in the ESOS, Nothing in the ESOS shall confer or be construed as affording an Option Holder any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.

## 21. **No restriction on corporate action**

The existence of the ESOS and the issue of Shares 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 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. No Employee or other person shall have any claim against the Company as a result of such action.



## 22. New Schemes

Nothing contained in this ESOS shall be construed to prevent the Company from implementing any other new scheme for granting stock options and/or share purchase rights or any other equity based incentive scheme, 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. No employee or other person shall have any claim against the Company as a result of such action.

## 23. Dispute Resolution

Any dispute, discrepancy 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 NRC and any such determination, decision and/or interpretation by the Nomination and Remuneration Committee shall be final and binding on all persons affected thereby.

This represents the complete Scheme for MHRIL ESOS.

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