

ROYAL ORCHID HOTELS LIMITED

EMPLOYEE STOCK OPTION PLAN (ESOP), 2014

Royal Orchid ESOP - 2014

1. INTRODUCTION

- 1.1. Royal Orchid Hotels Limited (hereinafter referred to as “ROHL” or “the Company”) wishes to bring about employee participation in the growth and prospects of the Company. The Company has, therefore, decided to introduce an Employee Stock Option Plan, 2014 (hereinafter referred to as “ESOP” or “the Scheme”) that would encourage a long term and committed involvement of the employees in the management and future of the Company.
- 1.2. The objective of this ESOP is to encourage ownership of ROHL’s equity by its employees on an ongoing basis. The ESOP is intended to reward the employees for their contribution to the successful operation of the Company and to provide an incentive for continued contribution to the success of the Company. It is envisaged that the ESOP will enable ROHL to attract and retain the best available talent by making them partners in business and its growth.
- 1.3. This document sets out the features of the ESOP, the benefits accruing to the employees under the Scheme, the duties and responsibilities of the beneficiaries and also the procedures to be followed. The document shall serve as a reference for the administration of the ESOP. This document should be carefully read and understood and the procedures prescribed need to be diligently observed for availing the benefits under the Scheme.
- 1.4. This document is not in the nature of a legal contract and the same needs to be understood in common commercial parlance.
- 1.5. This is a confidential document and should be treated as such by all.
- 1.6. This ESOP will come into effect from 29th September, 2014.

2. DEFINITIONS

Unless the context otherwise requires;

- 2.1 “**Applicable laws**” means the legal requirements relating to Stock Option Plans, including, without limitation, the tax, securities or corporate laws of India, any stock exchange or quotation on which the Shares are listed or quoted.
- 2.2 “**Board**” means the Board of Directors for the time being of the Company.

- 2.3 **“the Company” or “ROHL”** means Royal Orchid Hotels Limited incorporated under the Companies Act 1956, having its registered office at 1/ Golf Avenue, Adjoining Golf Course, Bangalore - 560008 and shall include its successors-in-interest and assignees.
- 2.4 **“Committee”** means the committee constituted by the Board which would administer the Scheme in accordance with Section 4 hereof.
- 2.5 **“ESOP” or “The Scheme”** means the Employee Stock Option Plan, 2014, of ROHL under which ROHL grants option to employees.
- 2.6 **“Employee”** means (i) any person employed by the Company working in India or out of India; (ii) a Director of the Company, whether a whole-time director or not; or (iii) any person defined in (i) or (ii) of a subsidiary or Associate, in India or out of India and who is declared by the Company to be eligible to participate in the ESOP. An employee will not cease to be an employee in case of any leave of absence approved by the Company or transfers between locations of the Company or between the Company, its parent, any subsidiary, or any successor.
- 2.7 **“Exercise”** means making of a valid application in writing by the employee to the Company for issue of shares against options vested in him in pursuance of the ESOP upon payment of the Exercise Price.
- 2.8 **“Exercise Period”** means the time period after vesting within which the employee should exercise his right to apply for shares against the options vested in him in pursuance of the ESOP. On expiry of the Exercise Period, any Options that have not been exercised will lapse and cease to be valid for any purpose.
- 2.9 **“Exercise / Strike Price”** means the price payable by the employee for exercising the option granted to him in pursuance of the ESOP which may be decided by the Committee.
- 2.10 **“Grant”** means issue of the options to employees to purchase shares of ROHL under the ESOP.
- 2.11 **“Grant Date”** means the date fixed by the Committee, to be the date on which the Scheme is extended to any employee. The date would be specified in the Letter of Offer issued to the employee.
- 2.12 **“Independent Directors”** means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group.

- 2.13 **“Nominee” or “Nominees”** means the spouse, any child of the employee or any other person nominated by the employee as provided hereinafter.
- 2.14 **“Fair Value of Shares”** shall mean the market price of the shares as defined in clause 2.15
- 2.15 **“Market price”** of the equity shares of ROHL means the latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the relevant date. However, the market price shall be as defined by the SEBI from time to time.

Explanation- If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price;

- 2.16 **“Option”** means a right but not an obligation granted to an employee by ROHL in pursuance of the ESOP to apply for shares of the Company at a pre-determined price, and governed by the terms and conditions mentioned in the Scheme.
- 2.17 **“Period of Employment”** or its grammatical equivalent includes the continuous period of employment in ROHL / its associate companies.
- 2.18 **“Promoter”** means
- a) the person or persons who are in over-all control of the Company;
 - b) the person or persons who are instrumental in the formation of the Company or programme pursuant to which the shares were offered to the public;
 - c) the person or persons named in the offer document as promoter(s);

Provided that a director or officer of the Company, if they are acting as such only in their professional capacity will not be deemed to be a promoter.

- 2.19 **“Promoter Group”** means (a) immediate relatives of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in any document, filed before a statutory or any regulatory authority for any purpose as "shareholding of the promoter group".
- 2.20 **“Share”** means equity shares and securities convertible into equity shares of and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs), other depository receipts, if any, representing underlying equity shares or securities convertible into equity shares.

- 2.21 **“Vesting”** means the process by which the employee secures the right to apply for the shares of the Company against the options granted to him in pursuance of the ESOP.
- 2.22 **“Vesting Period”** means the period between the date of grant and the date of vesting of the option granted to the employee. The period would be a minimum of 12 months from the date of grant of the Options to the eligible Employees.
- 2.23 Words employed in the masculine gender shall include the feminine also.

All the other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities Exchange Board of India (Employee stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 1956, SEBI (Disclosure and Investor Protection) Guidelines, or any statutory modification or re-enactment thereof, appropriately applicable.

3. ELIGIBILITY TO PARTICIPATE IN THE ESOP SCHEME

- 3.1 An Employee as defined in para 2.6 above shall be eligible to participate in the ESOP of the Company.
- 3.2 An employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the ESOP.
- 3.3 A director, who either by 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, shall not be eligible to participate in the ESOP.
- 3.4 The Committee shall define the appraisal process to determine the eligibility of the employees under the ESOP based on evaluation of the employee on various performance linked parameters, such as work performance, technical knowledge, leadership qualities, and period of service, designation and criticality of functions. The Committee may at its discretion extend the ESOP to a new entrant or any existing employee on such other basis as it may deem fit.

4. THE COMMITTEE

- 4.1 The Nomination and Remuneration Committee of ROHL shall also act as the Committee for the administration and superintendence of the ESOP Scheme.

- 4.2 The Committee shall be a Committee comprising such persons as may be decided by the Board of Directors of the Company or consisting of a majority of independent directors of the Board of Directors.
- 4.3 The Committee shall meet not less than 2 times in a year for the purpose of administering the Scheme and shall, *inter alia*, formulate the detailed terms and conditions of the Scheme including:
- the quantum of option to be granted under the Scheme per employee and in aggregate;
 - decide the number of options to be granted in any one year;
 - decide the aggregate value of options to be granted in any subsequent year under the ESOP;
 - decide on the total quantum of incentive to be offered / granted in the form of ESOP during the year based on employee performance;
 - decide on the eligible grade of employees, as well as identify employees eligible within the grade for the ESOP;
 - communicate the same to all eligible employees from time to time;
 - the condition under which the option vested in the employees may lapse in case of termination of employment for misconduct;
 - the exercise period within which the employee should exercise the option and the option would lapse on failure to exercise the option within the exercise period;
 - the specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - 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;
 - the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of rights issues, bonus issues and other corporate actions viz mergers, liquidation, amalgamation etc;
 - the grant, vest and exercise of option in case of employees who are on long leave; and

- determine, alter, amend, modify, add, delete or vary any terms and conditions of any option granted under the Scheme to the extent it is not inconsistent with the terms of the Scheme.

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

- the Securities and Exchange Board of India (Insider Trading) Regulations, 1992, as and when applicable; and
- the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by any employee.

5. **SHAREHOLDER APPROVAL**

5.1 Approval of shareholders by way of separate resolution in the general meeting shall be obtained by the Company in case of grant of options to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of option and for grant of options to employees of subsidiary companies.

6. **QUANTUM OF INCENTIVE**

6.1 ESOP's would be granted to the eligible employees under the Scheme.

6.2 The total number of options granted by the Company under the Scheme shall not exceed 5% of the issued equity shares of the Company at any point of time.

6.3 The quantum of options granted by the Company shall be determined at the absolute discretion of the Committee subject to the overall limit specified in clause 6.2 above.

6.4 The grant of options to each employee in excess of 1% of the equity share capital of the Company during any financial year shall be subject to shareholder approval as specified in clause 5.1 above.

6.5 As per the FEMA Regulations, the company shall ensure that the total value of shares held by person resident outside India under the Scheme shall not exceed the limit of 5% of the paid up capital at any point of time.

7. SELECTION CRITERIA

- 7.1 The employees of the company may be categorized under various grades and the Committee shall decide on the no. of options to be given to each category or grade.
- 7.2 The Scheme would cover all employees as decided by the Committee.

8. GRANT PROCEDURE AND ACCEPTANCE

- 8.1 Options under the Scheme shall be granted, at the discretion of the Committee, to the selected employees as per the Letter of Offer for the grant of the options issued to the employees.
- 8.2 The Exercise Price of Options shall be at the market value of the Company's Shares.
- 8.3 The Committee, based on the market price and market conditions, and if circumstances so warrant, in order to make the Scheme achieve the purpose for which it is set up, may decide to re-price the options already granted and will comply with all rules and regulations applicable, if any, at the time of re-pricing.
- 8.4 The employee shall communicate his acceptance to the company within 60 days from the date of grant, specifying the number of options accepted. If the employee does not communicate his acceptance within the 60 days' period, the offer shall lapse.

9. VESTING PERIOD

- 9.1 The vesting period of 3 years for the Scheme specified under Para 6.2 shall be spread as follows:
One third of the options – One year from the date of grant;
Next one third of the options – Two years from the date of grant; and
Balance of the options – Three years from the date of grant.
- 9.2 On the expiry of the vesting period, the employee shall exercise his option to buy equity shares either in full or in tranches at any time during the exercise period as provided in Section 11 of this document.
- 9.3 In the event ROHL and / or any of its divisions or subsidiaries are merged or taken over by any other company, then the Committee may, at its discretion, adopt any of the following methods of conversion for the vested and unvested options:

- The Committee will evolve a scheme for determining the manner in which the options will vest and may be exercised by the employees; OR
- The acquiring company shall assume all responsibility towards the ESOP in a manner that is not detrimental to the benefit of the employees, and the Scheme would continue to be administered in the same manner prior to such merger/acquisition; OR
- The Committee, at its discretion, may withdraw and cancel all unvested options subject to the condition that the new company which acquires the whole or part of ROHL, grants new options to the eligible employee, whose options were withdrawn and cancelled, on no less favourable terms and conditions existing before the happening of such an event; OR
- All options granted to the employees and remaining unvested will vest before the closure of the deal of merger, amalgamation, demerger, etc., and the employees will have the right to exercise the above said options, within a reasonable period as determined by the Committee, by making an appropriate application to the Company along with the requisite payment.

9.4 In addition to the aforesaid powers vested in the Committee in certain cases of corporate actions, the Committee shall also be authorized to change or vary or accelerate the vesting schedule in specific circumstances, provided the change, variation and acceleration will be effected only if the minimum vesting period prescribed under Para 10.1 of the Scheme has been completed.

10. LOCK-IN PERIOD

10.1 There shall be a minimum lock-in period of 12 months between the date of grant of options and the vesting of options.

11. EXERCISE PRICE, EXERCISE PERIOD & PROCEDURES

11.1 The employee can exercise his right to convert the options into equity shares either in full or in tranches by addressing a communication to the Committee. He has to mention the number of equity shares that he is willing to take under the Scheme, along with the payment for the exercise price.

11.2 The Participants must exercise the Options within the Exercise Period in accordance with the Grant Letter, provided that the minimum vesting period shall be 12 months from the date of grant of Options.

11.3 Tax on the perquisite value, if any, shall be paid by the employee on exercise or else it shall be deducted from the employee's salary for the subsequent month(s).

12. **PRICING**

12.1 The basis for determining the value of the shares by the Committee shall be based on the prevailing Market Price as per the applicable guidelines prescribed by the Securities and Exchange Board of India (SEBI) from time to time.

13. **TRANSFER OF SHARES ON INDIVIDUAL NAME**

13.1 On payment of full amount by the employee, the number of equity shares exercised will be allotted to the employee's name.

13.2 Such transfers shall be made in DEMAT form to be deposited in the individuals DEMAT account. There shall be no issue / transfer of shares in physical form.

13.3 Stamp Duty, Securities Transaction Tax or other tax of a similar nature, where applicable, payable on issue of the shares, shall be borne by the Company.

14. **NON - TRANSFERABILITY OF OPTIONS**

14.1 Options granted to an employee shall not be transferable to any person.

14.2 The option granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner other than by the laws of descent or distribution and may be exercised, during the lifetime of the Employee, only by the Employee.

14.3 The above clauses shall be subject to any exceptions stated in Clauses 15.1 and 16.1 of this Scheme.

15. **DISCONTINUATION OF SERVICES BEFORE VESTING**

15.1 In the event of the death of an employee, the options granted, pending vesting under the Scheme shall vest immediately to the legal heirs / nominees of the employee.

- 15.2 In the event of retirement or superannuation of the employee from the services of the Company, all the unvested options will vest on the date of retirement and the employee will have a right to exercise the said option within a period of 12 months from the date of retirement or such period, which may be determined by the Committee.
- 15.3 In the event the employee suffers from permanent disability caused while in employment, the options granted pending vesting under the Scheme shall vest immediately to the employee.
- 15.4 In case the employee goes on long leave of over 6 months during the vesting period, then the Committee reserves the right to extend the vesting period by a period not exceeding the leave period.
- 15.5 In the event the employee's services are discontinued on account of resignation during the vesting period, the stock options pending vesting as on that date shall lapse.
- 15.6 If the employee's services are discontinued on account of termination during the vesting period, then all stock options not vested as on that date shall expire.
- 15.7 In the event of discontinuation of service of an employee by the Company, in view of a merger or takeover or a change in management control, the provisions of Clause 9.3. shall apply.

16. DISCONTINUATION OF SERVICES BEFORE EXERCISE

- 16.1 In case of death of an employee, options in his account will be transferred to his legal heirs / nominees upon proper verification and approval by the Committee within a period of 3 months. Such legal heirs / nominees upon whom the options are transferred shall be subject to the regular exercise procedures as provided in section 11 above.
- 16.2 In the event of retirement of the employee from the services of the Company, all the vested options that are not exercised will have to be exercised within a period of 6 months from the date of retirement or such period, which may be determined by the Committee.
- 16.3 In the event the employee suffers from permanent disability caused while in employment, the options vested but not exercised shall be subject to the regular exercise procedures as provided in Section 11 above.
- 16.4 In the event the employee's services are discontinued on account of resignation before exercise, all the vested options that are not exercised will

have to be exercised on or before the date of resignation.

- 16.5 If the Company terminates an employee's services, all vested and unvested options that are not exercised by the employee will lapse immediately. However, in the event of discontinuation of service of an employee by the Company in view of a merger, or a takeover, or a change in management control, all vested options that are not exercised by the employee will not lapse.
- 16.6 Each outstanding option shall be assumed or an equivalent option substituted by the successor company or a Parent or subsidiary of the successor company in the event that ROHL and/or any of its divisions or subsidiaries are merged or taken over by any other company. In the event that the successor company refuses to assume or substitute for the options, the options shall fully vest in the employee and the employee shall have the right to exercise the option as to all of the optioned stock including the shares as to which it would not otherwise be vested or exercisable.
- 16.7 In the event of a proposed dissolution or liquidation of the Company, the Committee shall notify each Employee as soon as practicable prior to the effective date of such proposed transaction. The Committee in its discretion may provide for an Employee to have the right to Exercise his option until 15 days prior to such transaction as to all the Optioned Stock covered thereby, including shares as to which the Option would not otherwise be vested or exercisable. To the extent, it has not been previously exercised, an Option will terminate immediately prior to the consummation of such proposed action.

17. BENEFITS AND OBLIGATIONS AS SHAREHOLDERS

- 17.1 All the employees who have taken the equity shares under the ESOP will receive all regular benefits as shareholders of the Company like Dividends, Rights and Bonus Shares etc., only from the date of issue of Equity Shares pursuant to exercise of options under this Scheme.
- 17.2 Where the options have been granted and whether they are vested or have not been vested in the case of any employee, should any changes be made to the Equity Share Capital of the Company by reason of consolidation, subdivision, or conversion of shares into stock or capitalization otherwise, appropriate adjustments shall be made by the Committee either to the number or the exercise price of options granted, to reflect such change without in any way affecting the rights of the said option holders. However, if there is a change made in the Equity Share Capital of the Company by reason of capital reduction or any other change which reduces either the face value of

the shares or number of equity shares, such change shall not have any impact on the number or the exercise price of the options granted.

- 17.3 The employee who holds any equity shares under the ESOP shall not divulge the details of the Scheme and his holdings to any person except with the prior permission of the Committee obtained in writing.
- 17.4 The employee shall enter into such agreement, as the Company / Committee may desire from time to time to more fully and effectively implement this Scheme.
- 17.5 The employee shall not under any circumstances assign or transfer his rights or obligations under the ESOP to any third party, except to the nominees, without the consent in writing by the Committee.

18. GOVERNMENT REGULATIONS

- 18.1 This Scheme shall be subject to all applicable laws, rules, regulations, and notifications and to such approvals by any governmental agencies as may be required. The grant of share options under this ESOP shall entitle ROHL to require the eligible employees to comply with such requirements of law as may be necessary in the opinion of ROHL.

19. GENERAL RISKS

- 19.1 Participation in this ESOP shall not be construed as any guarantee of return on the equity investment.
- 19.2 All investments in shares or options on shares are subject to risk as the value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:
 1. Concentration: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.
 2. Leverage: Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a levered position in the share.
 3. Illiquidity: The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.

4. Vesting: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.

20. TAX LIABILITY

- 20.1 In the event of any tax liability arising on account of the issue of options and / or allotment of the shares to the employee, the liability shall be that of the employee alone. The employee shall indemnify the Company against any tax or other liabilities.
- 20.2 All tax liabilities arising on disposal of the equity shares after exercise would require to be handled by the employee.
- 20.3 In the event of any tax liability arising on account of the ESOP, the Committee or ROHL shall have the right to cause the equity shares held by the employee under this ESOP, to be sold or otherwise alienated to meet the liability, on behalf of the employee.

21. VARIATION OF TERMS OF ESOP

- 21.1 The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Scheme or any Grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any Grant previously made may be carried out, which would impair or prejudice the rights of the Optionees without the consent of the Optionees.

Provided further, that the Board will not, without the approval of the shareholders, amend the Scheme to increase the aggregate number of Shares which may be issued pursuant to the provisions of the Scheme on Exercise or surrender of Options or upon Grant except as otherwise stated elsewhere in this Scheme.

- 22.2 Without prejudice to the above, the Board of Directors, may, without any reference to or consent of the Employee concerned, amend the Scheme or Grant or any Agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this Scheme.

22. CONTRACT OF EMPLOYMENT

- 22.1 This Scheme shall not form part of any contract of employment between ROHL and the employee. The rights and obligations of any individual under the terms of his office or employment with ROHL shall not be affected by his participation in this Scheme.
- 22.2 Nothing in this Scheme shall be construed as affording such an individual any additional rights as to or damages in consequence of the termination of such office or employment for any reason.
- 22.3 This Scheme shall not confer on any person any legal or equitable rights against the company either directly or indirectly or give rise to any cause of action on law or equity against ROHL.
- 22.4 This Scheme is purely at the discretion of ROHL.

23. CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION

- 23.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.
- 23.2 If there is a 'Change in the Capital Structure of the Company' before the Options granted under this Scheme are Exercised, the Employee shall be entitled on exercise of the Options, to such number of Resultant Shares to which he would have been entitled as if all then outstanding Options Exercised by him, had been Exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted.
- 23.3 The Shares in respect of which the Options are granted, are Shares as presently constituted. But if and when, prior to the expiry of the Exercise Period there is a 'Change in the Capital Structure' of the Company, the number of Resultant Shares with respect to which the Options may thereafter be exercised shall, in the event of :
- i) an increase in the number of Resultant Shares, be proportionately increased, and the Exercise Price, be proportionately reduced.
 - ii) a reduction in the number of Resultant Shares, be proportionately reduced, and the Exercise Price, be proportionately increased.

Provided further that in case the provisions of applicable law restrict/prohibit the issue of shares at a discount to its par or other value, the Exercise Price shall not be less than such amount as prescribed under such law.

23.4 In the event of 'Corporate Action', the Committee, at least seven days prior to any 'Corporate Action' or sixty days thereafter, acting in its absolute discretion with or without the consent or approval of the Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives:-

- i) Provide that on any Exercise of Options hereafter, the Optionee shall be entitled to the Shares and / or Resultant Shares as if the Optionee had been a holder of the Shares on the date of the Corporate Action.
- ii) Make such adjustments to the Options outstanding and Exercise Price to reflect the 'Corporate Action', as may be necessary,
- iii) Substitute the Options granted, by fresh Options whether in the Company or another company, which have substantially the same terms as the Options Granted under this Scheme.
- iv) Accelerate the Vesting and / or the Exercise of the Options so that the Options are to be compulsorily exercised before the date specified by the Committee, failing which they shall lapse.
- v) Require the mandatory surrender to the Company, by all or some of the Optionees, of all or some of the outstanding Options, irrespective of whether, the Options, have Vested or not, as on that date. In such an event the Committee shall pay to such Employee an amount, in cash or otherwise, per Option, as the case may be, of the "Surrender Value" after deducting the balance Exercise Price payable, if any.

Provided, however, unless specifically agreed otherwise upon by the Board, all unvested options on the date of any Corporate Action as envisaged above, shall lapse and the Optionee shall not be entitled to any compensation of any nature whatsoever.

23.5 Where the Company makes a further issue of capital upon which all the existing Shareholders of the Company are offered a right to subscribe for the further issue of capital at a price lower than the Market Price, (hereinafter called 'the rights issue'), the Board may in its absolute discretion, permit the Employees to subscribe pro-rata to the additional Shares on the same terms

and conditions as the right issue, as if all the Options not Exercised by him had been Exercised by him before such 'Change in the Capital Structure' of the Company, had taken place. Such newly subscribed Shares or other securities shall be issued on such terms and conditions as may be determined or deemed fit by the Board.

24. GENERAL PROVISIONS

(a) No Right to an Option:

Neither the adoption of the Scheme nor any action of the Board of Directors or Committee shall be deemed to give an Employee any right to be awarded any Option or to acquire Shares or to any other rights, nor shall it create any right in any employee to claim any Option as a matter of right.

(b) No Restriction of Corporate Action:

The existence of the Scheme and the Awards made hereunder shall not in any way affect the right or the power of the Board of Directors or the shareholders or the Company to make or authorize any 'Change in Capital Structure or any Change in Control' including any issue of shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof.

Nothing contained in the Scheme shall be construed to prevent the Company from taking any Corporate Action or Change in Control, which is deemed by such Company to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Scheme or any Award made under the Scheme. No Employee or other person shall have any claim against the Company as a result of such action.

(c) Right to terminate employment

Nothing in the Scheme or in any grant letter shall confer upon any Participant the right to continue as an Employee of the Company or any of its affiliates or affect the right of the Company or any of its affiliates to terminate the Participant's employment at any time.

Unvested options, which are forfeited due to termination of employment, can be allocated further to other eligible Employees at the discretion of the Committee.

(d) Restrictions on Grant and Issue of Options

The grant and issue of options under the Scheme shall be subject to compliance with all applicable provisions of Companies Act, 1956, Income Tax Act, 1961, FEMA Act/Regulations, SEBI (ESOS/ESPS) Guidelines, 1999 and any other applicable laws prevailing in India or abroad.

(e) **Confidentiality:**

The Optionee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Scheme, Grant, the Agreement or any connected matter. Any violation may result in cancellation of the Grant without prejudice to any other action, which may be taken in this regard.

(f) **Insider Trading:**

The Optionee shall ensure that there is no violation of applicable regulations for the prevention of "insider trading" in shares and securities and for prevention of Fraudulent and/or Unfair Trade Practices relating to the securities market.

The Optionee shall indemnify and keep indemnified the Company in respect of any liability arising as a result or consequence of the violation of the above provisions by the Employee.

(g) **Other Schemes:**

Nothing contained in the Scheme shall be construed to prevent the Company directly or through any trust settled by any Company, in the past or in future, from implementing any new scheme 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 other action would have any adverse impact on the Scheme or any Grant made under their Scheme. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

(h) **Restriction of Transfer of Option:**

An Option shall not be transferable and shall be exercisable during the Exercise Period only by such Employee or in case of death, by the legal heirs of the deceased employee. An Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(i) **Scheme Severable**

This Scheme 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.

In the event that any term, condition or provision of this Scheme being held to be a violation of any applicable law, statute or regulation the same shall be severable from the rest of this Scheme and shall be of no force and effect and this Scheme shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Scheme.

(j) **Arbitration**

All disputes arising out of or in connection with the Scheme or the Award shall be referred to for arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Bangalore, India.

(k) **Governing Laws & Jurisdiction:**

The Scheme shall be construed in accordance with the laws of India and subject to the jurisdiction of Court in Bangalore, India only.

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