


## EMUDHRA EMPLOYEE STOCK OPTION SCHEME 2016

(As amended vide shareholders' special resolution dated October 26, 2021)

### 1. INTRODUCTION

- 1.1 eMudhra Limited (hereinafter referred to as "eMudhra" or "the Company") wishes to bring Employee participation in the growth and prospects of the Company. The Company has, therefore, decided to introduce an Employee Stock Option Scheme, 2016, 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 ESOP as originally contemplated was established with effect from 23<sup>rd</sup> March 2016. Subsequently, the Company has envisaged to list its Shares through initial public offer ("IPO") of the Company. In the meantime, Securities and Exchange Board of India ("SEBI") has repealed the SEBI (Share Based Employee Benefits) Regulations, 2014 and enacted the SEBI SBEB & SE Regulations. Consequently, the ESOP has been amended in the shareholders' meeting by way of a special resolution dated October 26, 2021 with a view to align this ESOP as per the provisions of the SEBI (SBEB and SE Regulations) due to the proposed IPO of the Company. The ESOP as amended shall apply to all Employees, existing and future, from 1<sup>st</sup> November 2021 unless otherwise specified in the relevant clause(s) of this ESOP and Applicable Laws.
- 1.3 The objective of this ESOP is to encourage ownership of eMudhra's equity by its employees on an on going basis. The ESOP is intended to reward the employees for their contribution to the successful operation of eMudhra and to provide an incentive for continued contribution to the success of the Company.
- 1.4 It is envisaged that the ESOP will enable eMudhra to attract and retain the best available talent by making them partners in business and its growth.
- 1.5 This document sets out the features of the ESOP, the benefits accruing to the Employees under this ESOP, 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.
- 1.6 This document is not in the nature of a legal contract and the same needs to be understood in common commercial parlance.
- 1.7 This is a confidential document and should be treated as such by all.

### eMudhra Limited



1.8 This ESOP shall continue to be in force until (i) its termination by the Company as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the ESOP have been granted, vested and exercised, whichever is earlier.

## 2. DEFINITIONS AND INTERPRETATION

### Definitions:

**2.1 "Applicable laws"** means every law relating to Options, to the extent applicable, including, without limitation, to the Companies Act, all relevant regulations of the Securities and Exchange Board of India particularly in connection with or after Listing, including the SEBI SBEB & SE Regulations, the tax, securities exchange control, or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction or of any Stock Exchange on which the Shares may be listed or quoted.

**2.2 "Associate Company"** shall have the same meaning as defined under section 2(6) of the Companies Act, 2013.

**2.3 "Board"** means the Board of Directors for the time being of the Company.


**2.4 "Company" or "eMudhra"** means eMudhra Limited incorporated under the Companies Act 1956, having CIN U72900KA2008PLC060368 and having its registered office at No 56, 3rd Floor, Sai Arcade, Outer Road, Deverabesanahalli, Bangalore- 560103 and shall include its Subsidiary(ies), successors-in- interest and assignees.

**2.5 "Cause"** for termination means Fraud, embezzlement, theft, engaging or participating in intentional acts of material fraud against the Company, Willful misconduct damaging to the company, its reputation, products, services, or customers; any unauthorized disclosure of any trade secret or Confidential information of the company or a subsidiary, continued failure to perform duties owed to the company and any other such or similar acts

**2.6 "Companies Act"** means the Companies Act, 2013, rules made thereunder, and includes any statutory modifications or re-enactments thereof.

**2.7 "Committee"** means the nomination and remuneration committee constituted by the Board under section 178 of the Companies Act, where the Company is unlisted, and shall mean a committee of such members of the Board as provided under regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

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from time to time and having such powers as specified under the SEBI SBEB & SE Regulations, which would administer the Scheme in accordance with Section 4 hereof.

**2.8 “Death”** for the purpose of this Scheme shall mean death of an Employee during the continuance of employment or service, which shall not include death due to suicide and any other reason(s) specified, if any, under the human resource policy of the Company.

**2.9 “Director”** means a member of the Board of the Company.

**2.10 “Drag Along”** means the right of the majority stakeholders or Promoters, when they sell their stake in the company, to compel/force the shareholders who got their shares through exercise of stock option under this Scheme or the transferees of such shares to sell their stake at the same terms and conditions as would apply to the majority shareholders or Promoters.

**2.11 “ESOP” or “The Scheme”** means the eMudhra Employee Stock Option Scheme, 2016, under which eMudhra grants Options to Employees as per the program set out in Annexure A.

**2.12 “Employee”** means (a) a permanent employee of the Company working in or outside India; or (b) a Director of the Company, whether a whole-time director or not but excluding an independent director; or (iii) employees as mentioned in (a) and (b) above of a Subsidiary(ies), in India or outside India, but shall not include:

- i. An employee who is a Promoter or a person belonging to the Promoter Group; and
- ii. A Director who either by himself /herself or through his/her relatives or through any body corporate, directly or indirectly, holds more than 10% of the issued and subscribed Shares of the Company.


**Provided that** the Company shall take prior approval of the shareholders' of the Company by way of a special resolution for Grant of Options to the Employees of the Subsidiary(ies).

**Provided further that** post Listing, the term “Employee” shall be read as per the SEBI SBEB & SE Regulations as defined below:

“Employee” shall mean -

- (i) an employee as designated by the Company, who is exclusively working in India or outside India; or
- (ii) 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; or





(iii) an employee as defined in sub clause (i) or (ii), of a Group Company including Subsidiary(ies) or its Associate Company, in India or outside India, or of a Holding Company, but does not include-

- a. an employee who is a Promotor 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 10% of the outstanding equity shares of the Company.

**2.13 "Exercise"** means making of a valid application in writing by the employee to the Trust, for transfer of Shares against Options vested in him in pursuance of this ESOP upon payment of Exercise Price

**2.14 "Exercise Period"** means the time period after Grant within which the Employee should exercise his right to apply for Shares against the Options vested in him in pursuance of this ESOP. On expiry of the Exercise Period, any Options that have not been exercised will lapse and cease to be valid for any purpose.

**2.15 "Exercise / Strike Price"** means the price payable by the Employee for exercising the Option vested in him in pursuance of the ESOP which may be decided by the Committee.


**2.16 "Fair Market Value"** means the value of a Share of the Company as determined by a registered valuer as per provisions of the Companies Act, for the time being in force, under all circumstances appointed by the Company;


**Provided that** after Listing, the term 'Fair Market Value' shall refer to "Market Price" within the meaning of the SEBI SBEB & SE Regulation.

**2.17 "Grant"** means issue of the Options to Employees to purchase Shares of the Company under this ESOP upon Exercise of Vested Options.

**2.18 "Grant Date"** means the dated or dates on which the stock option are granted to the employees pursuant to the Scheme. The date would be specified in the Letter of Offer issued to the employee.

**2.19 "Group" or "Group Company"** means two or more companies which, directly or indirectly, are in position to-

- i. Exercise twenty-six percent, or more of the voting rights in the other company; or
  - ii. Appoint more than fifty percent, of the members of the board of directors in the other company; or
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iii. Control the management or affairs of the other company.

**2.20 "Holding Company"** means any present or future holding company of the Company as defined in the Companies Act.

**2.21 "Independent Directors"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**2.22 "Listing"** means listing of the Company's Shares on any recognized Stock Exchange.

**2.23 "Nominee" or "Nominees"** means the spouse, any child of the employee or any other person nominated by the employee for availing the benefits under the scheme as provided hereinafter.

**2.24 "Option"** means a right but not an obligation granted to an employee by the Company in pursuance of this ESOP to apply for Shares of the Company at a pre- determined price, and governed by the terms and conditions mentioned in this ESOP.

**2.25 "Promoter"** means promoter as defined in the Companies Act :

**Provided that** upon Listing, the term "Promoter" defined hereinabove shall have meaning as defined in the SEBI SBEB & SE Regulations

**2.26 "Promoter Group"** shall have the meaning as defined in the SEBI SBEB & SE Regulations.

**2.27 "Permanent Incapacity"** means any disability or incapacitation while in employment or service, 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 personnel was capable of performing immediately before such disablement, as determined by the Committee as per human resource policy of the Company.


**2.28 "Retirement"** means retirement or superannuation as per the human resource policy of the Company.

**2.29 "Share"** means equity shares of the Company of face value of **Rs. 5 each** fully paid up.

**2.30 "SEBI SBEB & SE Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations 2021 as amended and enacted from time to time read with all circulars and notifications issued thereunder.

**2.31 "Stock Exchange"** means the National Stock Exchange of India Limited, BSE Limited, or





any other recognized Stock Exchange in India on which the Company's Shares are listed or to be listed in future.

**2.32 "Subsidiary"** means any present or future subsidiary(ies) of the Company determined as per provisions of the Companies Act.

**2.33 Trust**" means "eMudhra Employee Stock Option Trust" formed and registered for the purpose of executing the ESOP scheme on the basis of the recommendations of the Committee.

**2.34 "Trustee"** shall mean the person/ entity appointed as a trustee under the trust deed of the Trust to manage the affairs of the Trust.

**2.35 "Unvested Option"** means an Option, which is not a vested Option.

**2.36 "Vesting"** means the process by which the Employee becomes entitled to receive the benefit of a Grant made to him/her under the Scheme .

**2.37 "Vesting Period"** means the period between the date of Grant and the date of vesting of the Option granted to the Employee during which the Vesting of Options granted under the Scheme takes place;. The minimum prescribed period shall be as prescribed in Applicable Laws.

### **Interpretation**

In this ESOP, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
  - b) a reference to a clause number is a reference to its sub-clauses;
  - c) words in singular number include the plural and vice versa;
  - d) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.
  - e) Words employed in the masculine gender shall include the feminine also.
- 3.** All other words and expressions used and not defined herein or in the SEBI SBEB and SE Regulations, but defined in the SEBI Act, 1992, the Securities Contract (Regulations) Act, 1956 or the Companies Act, 2013 and any statutory modifications or re-enactments thereto, shall have the meanings respectively assigned to them in those legislations.

### **4. ELIGIBILITY TO PARTICIPATE IN THE ESOP SCHEME**

- 4.1** An Employee as defined in para 2.12 above shall be eligible to participate in this ESOP of the





Company.


4.2 Eligibility for participation in the Stock option Scheme shall be determined by the Nomination and Remuneration Committee from time to time will be as per the Applicable Laws.

## 5. SUPERVISION AND ADMINISTRATION

### 5.1 Supervision:

- a) The ESOP shall be under the supervision, control and direction of the Committee .
- b) The Committee shall meet as needed for the purpose of administering the Scheme and shall, inter alia, formulate the detailed terms and conditions of the Scheme including:
  - i. decide the number of options to be granted in the first and subsequent years;
  - ii. decide on the eligible grade of employees, as well as identify employees eligible within the grade for this ESOP;
  - iii. the quantum of option to be granted under the Scheme for each employee based on Employee performance /potential from time to time;
  - iv. the Exercise Price for the Options to be granted from time to time and the Vesting Period;
  - v. give necessary instructions/recommendations to the Trust for executing the Scheme;
  - vi. 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 consolidation of Shares and other corporate actions viz mergers, liquidation, amalgamation etc.in this regard the following shall be taken into consideration by the Committee;
    - a. the number and Exercise Price of Options shall be adjusted in a manner such that total benefit to the Employee of the Options remains the same after the corporate action;
    - b. 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;
  - vii. determine, alter, amend, modify, add, delete or vary any terms and conditions of any option granted in the program under the ESOP to the extent it is not inconsistent with the terms of the ESOP;
  - viii. Determine the procedure for buy-back of Options granted under the Scheme if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
    - a. permissible sources of financing for buy-back;
    - b. any minimum financial thresholds to be maintained by the Company as per its last

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- financial statements; and
- c. limits upon quantum of Options that the Company may buy-back in a financial year;
  - ix. Determine the procedure for funding of Exercise, if required.
  - x. Post Listing, the Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended from time to time by the company and its Employees, as may be applicable.
  - xi. After listing of the shares, to sell the Companies shares and repay loans of the trust and/or distribute the net proceeds for the benefit of certain employees as may be decided by the Committee.
  - xii. To delegate the administration of any of the above said matter to any one as may be decided by the Committee.

**5.2** The Committee shall frame suitable policies and systems to ensure that there is no violation of Applicable Laws and rules framed thereunder.

### **5.3 Administration**


- (a) The ESOP shall be administered by the Trust to the extent required under the Applicable Laws specifically as mentioned under SEBI SBEB & SE Regulations.
- (b) The Trust shall be governed subject to following terms and conditions:
  - i. The Trustees appointed or re-appointed from time to time shall be such persons as being not disqualified as prescribed under the Applicable Laws; and
  - ii. The Trustees shall not vote in respect of the Shares held by the Trust.
  - iii. The Trustees while administering the ESOP shall abide by the provisions contained therein, terms of the Grant, Vesting and Exercise as decided by the Committee and shall always ensure compliance of the provisions of the Applicable Laws in connection with dealing with the Shares of the Company including but not limited to maintenance of proper books of account, records, and documents as prescribed.

## **6. SHAREHOLDER APPROVAL**

**6.1** Approval of shareholders by way of special resolution in the general meeting shall be obtained by the Company for implementing the Scheme.

## **7. QUANTUM OF INCENTIVE**





**7.1** The total number of Options granted by the Company shall not exceed 61,32,801 (Sixty One Lakh Thirty Two Thousand Eight Hundred and One) Options, from time to time, in one or more tranches, which in aggregate shall be exercisable into not more than 61,32,801 (Sixty One Lakh Thirty Two Thousand Eight Hundred and One) Shares, with each such Option conferring a right upon the Employees to apply for one Share in the Company to be transferred by the Trust in accordance with the terms and conditions as may be decided under the ESOP.

**Provided that** if the number of Options that may be offered to an Eligible Employee, during any one year, shall be equal to or more than 1% (one percent) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Options, then the Company shall take prior approval from shareholders of the Company by way of a special resolution.

**7.2** The maximum number of Options that may be granted, under one or multiple Grants, to an Employee shall vary depending upon the eligibility criteria such as tenure, designation and the appraisal, ratings; however, shall be lesser than 1% of issued capital (excluding outstanding warrants and conversions) of the Company) at the time of Grant. However, the Committee reserves the right to decide the number of Options to be granted and the maximum number of Options that can be granted to an Employee within this ceiling.

**7.3** If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be added back to the Options Pool specified above and shall become available for future Grants, subject to compliance with the provisions of the Applicable Laws.

**8.** Where Shares are transferred consequent upon Exercise of Options under the ESOP, the maximum number of Shares that can be issued under sub-clause Clause 6.1 above shall stand reduced to the extent of such Shares are issued.

## **9. GRANT PROCEDURE AND ACCEPTANCE**

**9.1** Options under the Scheme shall be granted by the Company, at the discretion of the Committee, from time to time, in one or more tranches, to eligible Employees and the number of Options granted shall be mentioned in the Letter of Grant of Options issued to the Employees.

Provided further that in case of Grant after Listing to the Employees of any Group Company including that of the Holding Company or Associate Company, the Company shall obtain prior approval of the shareholders of the Company by way of a special resolution and this Scheme shall be applicable to such companies.



9.2 The Exercise Price per share shall be the price as determined by the Committee and shall not be less than the face value of Share.

9.3 The Committee based on the fair value, 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 applicable, if any, at the time of re-pricing as per the Para 21.6.

## 10. VESTING PERIOD

10.1 The vesting period with respect to the program specified above shall be spread over the years as follows:

End of year 1 from the grant date	25% of the options granted on the grant date
End of year 2 from the grant date	25% of the options granted on the grant date
End of year 3 from the grant date	25% of the options granted on the grant date
End of year 4 from the grant date	Balance 25% of the options granted on the grant date

10.2 On the expiry of Vesting Period, the Employee shall have the right to Exercise the Option to get equity Shares vested in him at any time during the Exercise Period as provided based on the Exercise Price given at the time of Option from the Trust.

10.3 In case where Options are required to be granted by the Company under the Scheme in lieu of options held by an employee under a similar plan in another company which has merged, demerged, arranged or amalgamated with another company, then the Committee shall adjust the minimum vesting period as per the Scheme.


10.4 In addition to the aforesaid powers vested in the Committee in certain cases of corporate actions, the Committee shall also be authorized to accelerate the vesting schedule in specific circumstances, provided the acceleration will be effected only if the minimum vesting period prescribed under Para 9.1 of this ESOP has been completed.

## 11. MINIMUM AND MAXIMUM VESTING PERIOD

### 11.1 Minimum Vesting Period:

There shall be a minimum vesting period of 12 months between the date of Grant of Options and the Vesting of Options.

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**Provided further that** in the event of Death or Permanent Incapacity of an Employee, the minimum Vesting Period shall not be applicable and in such instances, all the Unvested Options shall vest with effect from date of the Death or Permanent Incapacity.

**11.2 Maximum Vesting Period:**

There shall be a maximum vesting period of 48 months between the date of Grant of Options and the Vesting of Options.

**12. EXERCISE PERIOD & PROCEDURES**

**12.1** The Employee can Exercise his right to convert the Options into equity Shares either in full or in part by addressing a communication to the person designated by the Committee, indicating the number of equity Shares he is willing to take under this ESOP, along with the payment for the Exercise Price and applicable taxes.

**12.2** Options can be exercised within the exercise period of **10 years** from the date of Grant of Option by paying in full the stipulated Exercise Price per Option and applicable taxes.

**12.3** Tax on the perquisite value, if any, shall be paid by the Employee on Exercise and the Shares shall be released to the Employee only upon submission of proof of payment of tax and Exercise Price.

**13. EXERCISE PRICE**


**13.1** The Exercise Price shall be the price as may be decided by the Committee from time to time which shall not exceed the Fair Market Value and shall not be less than the face value of Share.


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

**14.1** On payment of full amount of Exercise Price and applicable taxes by the Employee, the Shares exercised by the Employee shall be transferred by the Trust to Employee's name.

**15. TRANSFERABILITY OF OPTIONS**

**15.1** Options granted to an Employee shall not be transferrable to any person.





**15.2** The Option granted to the Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

**15.3** No person other than the Employee shall be entitled to exercise the Option, except in the event of death of the Employee, which will be dealt in the manner provided in Para 17.1

## **16. LOCK-IN**

The Shares transferred upon Exercise shall be freely transferable and shall not be subject to any lock-in period restriction after such transfer except as required under the Applicable Laws including that under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, or code of conduct framed, if any, by the Company after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

## **17. DISCONTINUATION OF SERVICES BEFORE VESTING**

**17.1** 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.

**17.2** In the event of Retirement or superannuation of the Employee from the services of the Company, all the Unvested Options will continue to vest as per Vesting schedule as originally prescribed even after date of Retirement unless otherwise decided by the Committee as per relevant policy, if any, and provisions of the then prevailing Applicable Laws..

**17.3** In the event of Employee suffers from Permanent Incapacity caused while in employment, the Options granted pending Vesting under the Scheme shall vest immediately to the Employee.

**17.4** 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.


**17.5** In the event of Employee services are discontinued on account of termination due to any reason other than Cause/resignation during the vesting period, then all such Options pending vesting as on that date shall lapse..


**17.6** In the event of Employee services are terminated for "Cause" all vested and Unvested Options shall lapse.





## **18. EXERCISE BY EMPLOYEE OF VESTED OPTIONS**

- 18.1** In case of Death of an Employee, all Options granted to such Employee shall vest immediately and will be transferred to legal heirs/nominees upon proper Verification and the legal heirs/nominees can Exercise the Option within a period of 6 months from the date of the death of the Employee .
- 18.2** In the event of Retirement or superannuation of the Employee from the Company, all Vested Options can be exercised by the Employee within a period of 1 (one) year from the date of (i) Retirement, or (ii) Vesting, whichever is later.
- 18.3** In the event the Employee suffers from any Permanent Incapacity caused while in employment, the Options can be exercised by the Employee within a period of 1 year from the date of Permanent Incapacity of the Employee.
- 18.4** In the event of Employee's services are discontinued on account of resignation before Exercise, all the Vested Options that are not exercised will have to be exercised within 3 months from the date of resignation.
- 18.5** If the Company terminates an Employee from his service not for a Cause, the vested Options that are not exercised will have to be exercised within 3 months from the date of such termination.
- 18.6** If the Company terminates an Employee from his employment/service for a Cause, all the Options (whether vested or unvested) at the time of issuing notice of such termination shall stand cancelled with effect from the date of issuing notice of such termination.
- 18.7** The Options shall be deemed to be exercised when an Employee makes an application in writing to the Company or by any other means as decided by the Committee, for obtaining of Shares against the Options vested in him, subject to payment of Exercise Price, applicable taxes and compliance of other requisite conditions of Exercise.
- 18.8** The Options not exercised within the prescribed Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options, which shall immediately get added back to the Options pool.
- 18.9** Until the Company's Share get Listed on any of the stock exchanges, the Shares exercised pursuant to this ESOP and any further Bonus or Right Shares arising out of that shall be subject to 'Drag along' by the Promoters/ major Shareholders when they sell their stake in the Company. To enable such Drag Along the Employees who exercise any Shares pursuant to
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this ESOP shall give an irrevocable power of attorney to the Trustees of the ESOP Trust to sell such shares and to sign instrument of transfer, for transfer of such Shares sold pursuant to such Drag Along. To enable trustees of the ESOP Trust to sell such Shares and to sign instrument of transfer, the Shares exercised pursuant to this ESOP and any further Bonus or Right Shares arising out of that will continue to be held by the ESOP Trust as an agent of the concerned Employee/ Employees. Such Shares will be transferred by the Trust to the concerned Employee upon or in connection with the Listing.

**18.10** 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 vested option until 15 days prior to such transaction.

## **19. RIGHTS AND OBLIGATIONS AS SHAREHOLDERS**

**19.1** All the Employees who have taken the equity Shares under this ESOP will receive all regular benefits as shareholders of the Company like Dividends, Rights and Bonus Shares etc, only from the date of transfer of equity Shares pursuant to Exercise of Options under this ESOP.


**19.2** 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, sub-division, or conversion of shares into stock or capitalization otherwise, appropriate adjustments shall be made by the Committee to the number of Option and the Exercise Price of Options granted in such a way that it does not prejudicially affect the Employees as per Para 4.2(vi) of this ESOS.

**19.3** The Employee who holds any equity Shares under this ESOP shall not divulge the details of this ESOP and his holdings to any person except with the prior permission of the Committee obtained in writing.

**19.4** The Employee shall enter into such agreement, as the Company / Trust may desire from time to time to more fully and effectively implement this ESOP as per the Applicable Laws.

**19.5** The Employee shall not under any circumstances assign or transfer his rights or obligations under the ESOP to any third party.





**19.6** Upon or in connection with the Listing, the Employee, on transfer of Shares by the Trust in accordance with the provisions of this Scheme, shall become the absolute owner of the shares subject to certain conditions as mentioned in the Scheme.

## **20. GOVERNMENT REGULATIONS**

**20.1** This Scheme shall be subject to the Applicable Laws, rules, regulations, and notifications. The Grant of stock Options under this ESOP shall entitle eMudhra to require the eligible Employees to comply with such requirements of the Applicable Laws as may be necessary in the opinion of eMudhra.

## **21. GENERAL RISKS**

**21.1** Participation in this ESOP shall not be construed as any guarantee of return on the equity investment.

**21.2** Inability to obtain authority


The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.

**21.3** Neither the existence of this ESOP nor the fact that an Employee has on any occasion been granted an Option shall give such Employee any right, entitlement or expectation that the Employee has, or will in the future, have any such right, entitlement or expectation to participate in this Scheme by being granted an Option on any other occasion.

**21.4** The rights granted to an Employee upon the grant of an Option shall not afford the Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

**21.5** The Employee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option in whole or in part.





**21.6** All investments in shares or options on shares are subject to risk as the fair value of shares may go down or go up. In addition, employee stock options are subject to the following additional risks:

- Illiquidity:
  - i. The Options cannot be transferred, pledged, hypothecated, mortgaged or otherwise alienated or encumbered in any manner to anybody, and therefore the Employees cannot mitigate their risks by selling the whole or part of their Options before they are exercised.
- Vesting: The Options will lapse if the employment is terminated including resignation prior to Vesting. Even after the Options are vested, the unexercised Options will be forfeited if the employee is terminated for Cause.

## **22. TAX LIABILITY**

**22.1** In the event of any tax liability arising on account of the issue of Options and / or transfer of the Shares to the Employee, the liability shall be that of the Employee alone and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employee working abroad, if any.

**22.2** The Employee shall indemnify the Company against any tax or other liabilities the Company is made to suffer on account of this in accordance with the Applicable Laws.


**22.3** Further, all tax liabilities arising on disposal of the equity Shares after Exercise would require to be handled by the Employee.

**22.4** The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

**22.5** The Company or Trust shall have no obligation to issue or transfer Shares until the Company's tax deduction obligations, if any, have been satisfied by the Employee in full.

## **23. VARIATION OF TERMS OF ESOP**

**23.1** The Company shall not vary the terms of the Scheme in any manner, which may be detrimental to the interests of the Employees.



**23.2** The Company may by a special resolution in a general meeting vary the terms of the Scheme offered pursuant to an earlier resolution of a General Body but not yet exercised by the Employee provided such variation is not prejudicial to the interests of the Employees.

**Provided that** post listing company shall be entitled to vary the terms of the Scheme to meet any regulatory requirement without seeking shareholders' approval by way of a special resolution.

**23.3** The notice for passing special resolution for variation of terms of the Scheme shall disclose full details of the variation, the rationale therefor and the details of the employees if any who are beneficiaries of the variation.

**23.4** In the event of any stock split, reverse stock split, recapitalization, combination, reclassification or similar change in the capital structure of the Company, appropriate adjustments shall be made in the number and class of shares subject to the Scheme and to any outstanding Options and in the Exercise Price per Option.

**23.5** Any change, variation or acceleration to the vesting schedule as determined by the Committee under Para 8.4 shall not constitute to result in variation of the terms of the ESOP so as to require adherence to the procedures specified under Clause 20.

**23.6** The Company may also re-price the Options which are not exercised, whether or not they have vested, if Scheme is rendered unattractive due to fall in the value of the Shares, provided that the Company ensures that such re-pricing shall not be detrimental to the interest of the Employee and approval of the shareholders by way of a special resolution has been obtained for such re-pricing.

## **24. CONTRACT OF EMPLOYMENT**

**24.1** This Scheme is purely at the discretion of eMudhra and shall continue as long as the Board decides the scheme to continue.

## **25. FREE TRANSFERABILITY UPON LISTING**

Upon Listing, the Employee or his nominee/ legal heir, wherever applicable, can sell Shares in the open market at any time in accordance with Applicable Laws and policies of the Company, subject to any lock in period as per Applicable Laws.

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## 26. ACCOUNTING AND DISCLOSURES

26.1 The Company shall follow the rules/regulations applicable to accounting of Options with reference to Fair Market Value of Shares as on date of Grant.

26.2 The rules/regulations to be followed shall include but not limited to the IND AS / Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein.

26.3 After Listing, the Company shall comply with the accounting and disclosure requirements as prescribed under Regulation 15 of the SEBI SBEB & SE Regulations.

## 27. Certificate from Secretarial Auditors

Upon Listing, the Board shall at each annual general meeting place before the shareholders a certificate from the secretarial auditors of the Company that the ESOP has been implemented in accordance with the SEBI SBEB & SE Regulations and in accordance with the resolution of the Company in the general meeting. The Board shall also make the requisite disclosures of the ESOP, in the manner specified under the SEBI SBEB & SE Regulations.

## 28. GOVERNING LAWS AND JURISDICTION

28.1 The terms and conditions of the ESOP shall be governed by and construed in accordance with the Applicable Laws of India including the foreign exchange laws.


28.2 The High Court at Bangalore and courts subordinate to it shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP.

28.3 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP:

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

## 29. NOTICES

29.1 All notices of communication required to be given by the Company to an Employee by virtue of this ESOP shall be in writing and shall be sent to the address of the Employee available in the records of the Company; or delivering the communication(s) to the Employee in person with acknowledgement of receipt thereof; or emailing the communication(s) to the Employee



at the official email address provided, if any, during the continuance of employment or at the email address provided by the Employee after cessation of employment.

**29.2** Any communication to be given by an Employee to the Company in respect of ESOP shall be sent at the address mentioned below or e - mailed at:

The Trustee,  
eMudhra Employees Stock Option Trust,  
eMudhra Limited,  
No 56, 'Sai Arcade,  
Devarabisanahalli,  
Bangalore – 560 103

E-mail: [Benefits@emudhra.com](mailto:Benefits@emudhra.com)

### **30. Severability**

In the event any one or more of the provisions contained in this ESOP shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this ESOP in which case the ESOP shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the ESOP shall be carried out as nearly as possible according to its original intent and terms.

*V. Subramanian*