

# ***ASSOCIATE STOCK OPTION PLAN***

***(ASSOCIATE STOCK OPTION PLAN- 2011)***

**INTELLECT DESIGN ARENA LIMITED**

**No.244, Anna Salai, Chennai-600006**

## ASSOCIATE STOCK OPTION PLAN- 2011 (ASOP 2011)

<i>Sl. No</i>	<i>Table of Contents</i>	<i>Page</i>
1.	Introduction	3
2.	Definitions	3
3.	Remuneration and Compensation Committee	8
4.	Quantum of Options	10
5.	ASOP Selection Committee	10
6.	Grant Procedure and Acceptance	10
7.	Vesting Period & Conditions	12
8.	Lock in Period and Method of Valuation	13
9.	Exercise Price, Exercise period and Procedures	14
10.	Allotment of Shares on Individual Name	14
11.	Discontinuation of Services before Vesting	15
12.	Discontinuation of Services before Exercise	15
13.	Other Conditions attached to Options	16
14.	Benefits and Obligations as Option/Share holders	16
15.	Appointment of Nominee	17
16.	Government Regulations	18
17.	General Risks	18
18.	Tax Liability	18
19.	Changes in Terms and Conditions	18
20.	Subsequent Schemes	19
21.	Scheme Severable	19
22.	Listing of Shares	19
23.	Arbitration	20
24.	Applicability of SEBI Guidelines	20
25.	Confidentiality	20
26.	Contract of Employment	20

## 1.INTRODUCTION

- 1.1 In accordance with the scheme of arrangement cum demerger sanctioned by the High Court of Judicature, Madras in respect of Polaris Financial Technology Ltd vide its order dated 15<sup>th</sup> September 2014 the product business of Polaris, got demerged to INTELLECT DESIGN ARENA LIMITED and the services business of Polaris, the Demerged Company continued to exist with Polaris. The effective date of the scheme is 25<sup>th</sup> September 2014. In accordance with the scheme clause 8. 2 the option holders of Polaris, the Demerged Company are to be allotted options in the resultant company. In accordance with the same this ASOP 2003 has been formulated. The cut off date for determining the associates eligible for options under ASOP 2003 was 8<sup>th</sup> October 2014
- 1.2 One of the prime objectives of INTELLECT DESIGN ARENA LIMITED [INTELLECT] has always been to create high performance communities that create significant value for all stake holders and to give effect to the Scheme of Arrangement cum Demerger approved by the Hon'ble High Court vide its order dated 15<sup>th</sup> September 2014.
- 1.3 The objective of this ASSOCIATE STOCK OPTION PLAN - ASSOCIATE STOCK OPTION PLAN- 2011 ( ASOP -2011 ) is to attract, retain, encourage reward the Senior and Key Executives who are the drivers of company's growth, reward the performance of Business Leadership Team and to attract Top talents by providing such executives opportunities to own equity shares of the company. The ASOP 2011 is intended to reward Senior and Key executives for their performance, commitment and support for the growth of INTELLECT and to provide an incentive to continue contributing to the success of the company. It is envisaged that the ASOP 2011 will enable INTELLECT to attract and retain the best available talent by making them partners in business and its growth.
- 1.4 This document sets out the features of the ASOP 2011, the benefits accruing to associates under this Scheme, the duties and responsibilities of the beneficiaries as also the procedures to be followed. The document shall serve as a reference for the administration of ASOP 2011. This document should be carefully read and understood and the procedures prescribed diligently observed for availing the benefits under ASOP 2011.
- 1.5 This ASOP 2011 will come into effect from 9<sup>th</sup> October 2014
- 1.6 The tenure of the Scheme shall be Twelve years from the date of the Scheme coming into force. The tenure of Scheme which has lapsed in the Demerged Company shall be taken into consideration for calculating the tenure mentioned above. The tenure of the Scheme shall be extended by such time not exceeding five years as the Board of Directors may decide from time to time. Further, the Board of Directors shall have the power to pre close the scheme at it may deem fit.

## 2.DEFINITIONS

### I] Definitions:

In this scheme / document the following expressions including their grammatical variations and cognate expressions shall unless, repugnant to the context or meaning thereof, have the meaning assigned to them respectively as hereunder:

2.1 **“Administering Agency”** means any business consulting or management consulting or similar agency appointed by the Board or Nomination and Remuneration & Compensation Committee to assist the Nomination and Remuneration & Compensation Committee in administering the ASOP, inter alia, with recording and management of ASOP data, assistance in exercise and other allied matters.

2.2 **“Associates”** means

- (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 associate as defined in clauses (i) or (ii) of a group company including subsidiary or its associate company, in India or outside India of the company but does not include—
  - an associate who is a promoter or a person belonging to the promoter group; or
  - 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; :

However, Associates of Polaris will be eligible for options under Category A only.

2.3 **“ASOP 2011”** or **“THE SCHEME”** means the ASSOCIATE STOCK OPTION PLAN 2011 of INTELLECT as set out hereunder and shall include any alterations, amendments, modifications, or variations made thereto from time to time.

2.4 **“ASOP Shares”** means shares arising out of exercise of options granted under ASOP 2011.

- 2.5 **“Business Leadership team” or “BLT” or “MANCOM”** means team of members as defined, approved and released by CEO or any other group of top leadership team as may announced by the CEO
- 2.6 **“Company” or “INTELLECT DESIGN ARENA LIMITED” or INTELLECT** means Intellect Design Arena Limited incorporated in India under The Companies Act 1956 under the name of Intellect Design Arena Limited represented by CIN - L72900TN2011PLC080183, having its registered office at “Polaris House”, No. 244, Anna Salai, Chennai – 600 006 and shall include its successors-in-interest and assigns.
- 2.7 **“Court Order”** means the order issued by the High court of Judicature at Madras, dated 16<sup>th</sup> June 2014 for the Application No.284 of 2014 made by Polaris, the Demerged Company.
- 2.8 **“Demerged Company”** means "Polaris Financial Technology Ltd" or "POLARIS" which was Demerged by the Scheme of Arrangement cum Demerger approved vide order of The Hon'ble High Court dated 15<sup>th</sup> September 2014
- 2.9 **“Diluted Earnings”** means the net profit or loss, (excluding investment income, gain/loss on sale of assets, other extra ordinary nonoperational items) attributable to equity shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential equity shares or as may be defined in Accounting Standard followed by the company from time to time and in so far as it related to options held by the associates of demerged company, Diluted Earnings shall mean the net profit or loss, (excluding investment income, gain/loss on sale of assets, other extra ordinary nonoperational items) attributable to equity shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential equity shares or as may be defined in Accounting Standard followed by the company.
- 2.10 **“Earnings per Share” or “EPS”** means the diluted earnings per share as per group consolidated audited Balance Sheet of the Company and in so far as it related to options held by the associates of demerged company, Earning Per Share shall mean the diluted earning per share as per the group consolidated audited Balance Sheet of Demerged company.
- 2.11 **“Effective Date”** the date on which the Scheme of Arrangement cum Demerger came into force.
- 2.12 **“Exercise”** means making of an application by the associate to the company for issue of shares against options vested in pursuance of the ASOP 2011, in the prescribed manner, along with Exercise Price and applicable taxes.

- 2.13 **“Exercise Period”** means the time period after vesting within which the associate may exercise right to apply for shares against the options vested in pursuance of the ASOP 2011.
- 2.14 **“Exercise Price” or “Grant Price”** means the price payable by associates for exercising the option granted in pursuance of ASOP 2011.
- 2.15 **“Fair Value”** of an option means the fair value calculated in accordance with the SEBI Regulations as in force on the date of respective grants.
- 2.16 **“Floor Price”** shall be Rs.49/- . In case of any corporate actions, it shall be adjusted accordingly.
- 2.17 **“Grant”** means issue of the options to associates under the ASOP 2011. Also it includes the options granted in pursuant to the court order
- 2.18 **“Grant Date” or “Date of Grant”** means the date fixed by the Nomination and Remuneration & Compensation Committee or Board of Directors to be the date on which the options under ASOP 2011 is granted to an associate. The date would be specified in the grant letter issued to the Associate. Explanation,—For accounting purposes, the grant date will be determined in accordance with applicable accounting standards
- 2.19 **“Independent Director”** shall have the same meaning assigned to it in -Regulation 16(b) of SEBI(Listing Regulations and Disclosure Requirements) Regulations, 2015 as amended from time to time India.
- 2.20 **“Intrinsic Value”** means the excess of the market price of the share as on the date of the Grant over the exercise price of the option or as may be defined in the SEBI guidelines.
- 2.21 **“Market Price”** means the latest available closing price prior to the date of the meeting of the Nomination and Remuneration & Compensation Committee or Board of Directors, in which the options are granted, 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 or as may be defined under the SEBI guidelines and amended from time to time. . In respect of options granted before the shares are listed in recognised stock exchanges in India, the Market price shall mean 28% of the Market price of Polaris, the Demerged Company as on the effective date
- 2.22 **“Nominee” or “Nominees”** means any person nominated by the associate under ASOP 2011.

- 2.23 **“Option”** or **“ASSOCIATE STOCK OPTION”** means the benefit or right but not an obligation to subscribe for, at a future date, the securities offered by the company at a predetermined price.
- 2.24 **“Option Grantee”** or **“Grantee”** means an associate to whom options have been granted under ASOP 2011
- 2.25 **“Ombudsman”** means a person appointed as ombudsman as per the policies of the company from time to time.
- 2.26 **Omitted.**
- 2.27 **“Period of Service”** or **“Service”** or its grammatical equivalent includes the aggregate period of employment or service as an associate or service as a director in INTELLECT or in the demerged company or their subsidiary(ies) company(ies) / Group Company (ies), in or outside India
- 2.28 **“Promoter ”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- 2.29 **“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, 2018
- 2.30 **“Nomination Remuneration and Compensation Committee”** or **“the Committee”** means the committee constituted by the Board of Directors of the company from time to time consisting of majority of Independent Directors or such Directors as may be prescribed under Regulation 19 of SEBI(Listing obligations and Disclosures Requirements) Regulations, 2015 and Section 178 of Companies Act, 2013 as amended from time to time.
- 2.31 **“SEBI Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity), Regulations, 2021 or any regulations / notifications/ circulars to be issued by SEBI related to Stock Options as amended or replaced from time to time.
- 2.32 **“Senior and Key Executives”** shall comprise of the associates in the grade or designation of Vice President and above or any equivalent thereof of the company or of Polaris, the demerged company and its subsidiaries.

- 2.33 **“Share”** means equity shares of the company and securities convertible into equity shares and shall include American Depository Receipt (ADR), Global Depository Receipt (GDR) or other depository receipt representing underlying equity shares or securities convertible into equity shares.
- 2.34 **“Subsidiary Company”** means the subsidiary company as defined in Section 2(87) of The Companies Act, 2013
- 2.35 **“Trust”** means the employee welfare trust to be formed by the Company, subject to the provisions of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations 2021 for the benefit of associates including but not limited to facilitating the exercise and funding the exercise of options by the Associates under this scheme or any other Stock Option Schemes of the Company.
- 2.36 **“Vesting”** means the process by which the associate secures the right to apply for shares of the company against the options granted in pursuance of ASOP 2011.
- 2.37 **“Vesting period”** means the period during which the vesting of the option granted to the associate in pursuance of ASOP 2011 takes place. i.e the period elapsed between the date of grant and the date of vesting of the options granted to associates.
- 2.38 **“Relative”** shall have the same meaning as defined under section 2(77) of the Companies Act, 2013
- 2.39 **“Associate Company”** shall have the same meaning as defined under section 2(6) of the Companies Act, 2013 (18 of 2013)
- 2.40 **“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
- 2.41 **“Secretarial Auditor”** means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 2.42 **“Control”** shall have the same meaning as defined under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- 2.43 **“Director”** shall have the same meaning as defined under section 2(34) of the Companies Act, 2013 (18 of 2013)



Unless the context otherwise requires, words employed in the masculine gender shall include the feminine also and words employed in the singular shall include the plural.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the SEBI guidelines, the Securities and Exchange Board of India Act, 1992 or the Securities Contracts (Regulation) Act, 1956 or The Companies Act 2013, SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or or SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 or any statutory modification or re-enactment thereof, as the case may be.

## II] Article Headings:

Article headings are for information only and shall not affect the construction of this document.

## III] References:

- A. A reference to a Clause or Schedule is respectively a reference to a Clause or Schedule of this document. The Schedules to this document shall for all purposes form part of this document.
- B. Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

## **3. NOMINATION AND REMUNERATION & COMPENSATION COMMITTEE**

- 3.1 The Nomination and Remuneration & Compensation Committee may from time to time:
- a. formulate detailed additional terms and conditions and procedures for grant or/and vesting under the ASOP 2011, administer, supervise and implement or alter the same in accordance with applicable provisions in this behalf, and such changes shall not be detrimental to the interest of the then existing option holders.
  - b. meet as and when necessary as may be required to grant options and to administer this scheme.
  - c. frame rules and regulations, procedures and prescribe forms and issue circulars or orders in relation to the ASOP 2011 and may from time to time amend recall or replace such rules and regulations, procedures, forms, orders and circulars.
  - d. formulate the detailed terms and conditions of the ASOP including:-

- i. the quantum of option to be granted under an ASOP per associate and in aggregate;
  - ii. the conditions under which option vested in associate may lapse or be forfeited in case of termination of employment for misconduct;
  - iii. grant an extension of time for exercise within the maximum exercise period, either or on its own motion under exceptional circumstances
  - iv. formulating the procedure for making a fair and reasonable adjustment to the number of options or to the exercise price or both in case of corporate actions such as rights issue, bonus issue, sub-division, consolidation, merger, sale of division and other corporate actions in accordance with provisions of SEBI Guidelines.
  - v. the grant, vest and exercise of option in case of associates who are on long leave or on deputation basis and vesting and exercise of options by associates on permanent incapacitation on a case to case basis;
  - vi. to adjust the floor price and price band (as per clause 7.5) for corporate actions
  - vii. to adopt and approve performance rating of associates for the purpose of this scheme
  - viii. the policies and procedure for cashless exercise of options.
  - ix. re-allocation of unexercised and forfeited options
  - x. determine method for contentment of any tax obligation arising in connection with the options or shares issued in pursuant to the scheme.
  - xi. delegate all or any of its administrative powers (except grant of options to associate) to one or more officers of the company and/or to one or more sub-committees.
  - xii. constitute an ASOP Selection Committee
  - xiii. To issue clarification and to make suitable exemptions so to comply with the provisions of the Court Order
  - xiv. To accept options being surrendered voluntarily by associates and re-issue options against surrendered options
  - xv. frame suitable policies, procedures and systems to ensure that there is no violation of:-
    1. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
    2. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations 1995, by any Associate.
    3. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
- e. appoint any agency for assistance in administering the ASOP (“Administering Agency”) and the Nomination and Remuneration & Compensation Committee shall communicate such appointment / change to associates or option grantees. Those Associates may address

all their queries to the administering agency or to the company secretary or compliance officer of the company.

- 3.2 In case of any disputes relating to the interpretation of the terms and conditions of the scheme, the decision of the Nomination and Remuneration & Compensation Committee shall be final and binding on the associates.
- 3.3 No member of the Nomination and Remuneration & Compensation Committee shall be personally liable for any decision or action taken in good faith with respect to administration of the Scheme.

#### **4. QUANTUM OF OPTIONS**

The total number of options granted under ASOP 2011 as reduced by the options lapsed, surrendered, forfeited or cancelled shall not exceed

(I) Swarnam 11 & 21 - 36,48,450 (Thirty Six Lakhs Forty Eight Thousand Four Hundred and Fifty only) options convertible into equivalent number of Equity shares of Rs.5/- (Rupees Five) each. However, total number of options that can be granted under Swarnam 21 as reduced by the options lapsed, surrendered, forfeited or cancelled shall not exceed 17,36,000 (Seventeen Lakhs Thirty Six Thousand only)

(II) Swarnam 31 & 41 - 12,40,000 (Twelve Lakhs Forty Thousand only) options convertible into equivalent number of Equity shares of Rs.5/- (Rupees Five) each. However, total number of options that can be granted under Swarnam 41 as reduced by the options lapsed, surrendered, forfeited or cancelled shall not exceed 2,00,000 (Two Lakhs only) options convertible into equivalent number of Equity shares of Rs.5/- (Rupees Five) each.

The options which are surrendered, cancelled or forfeited are eligible to be reissued as fresh grants as per the provisions of this scheme.

#### **5. ASOP SELECTION COMMITTEE**

- 5.1 The ASOP Selection Committee may be constituted by the Nomination and Remuneration & Compensation Committee to enable it to identify the associates eligible to participate in this ASOP 2011 and to help in quantifying the options to be granted to associates.
- 5.2 The Selection Committee shall determine the eligibility criteria for Senior and Key Executives under ASOP- 2011 based on evaluation of various parameters, such as length of service, grade, performance, technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be deemed appropriate by it.

## **6. GRANT PROCEDURE AND ACCEPTANCE**

6.1 The Nomination and Remuneration & Compensation Committee shall have the powers to grant the options under the ASOP 2011 to the identified associates other than the Directors; and the Board of Directors shall have the powers to grant options to the eligible Directors. With respect to the options to be granted in pursuant to the Scheme of Arrangement Cum Demerger, the grant can be made by the Nomination and Remuneration & Compensation Committee to the options holders of Polaris, demerged company as on the effective date.

6.2 Options under ASOP 2011 shall be classified under following types:

- 1) Swarnam 11
- 2) Swarnam 21
- 3) Swarnam 31
- 4) Swarnam 41

6.3 Associates eligible under each Type shall be :

1. Swarnam 11 – Senior and Key Executives excluding non-executive directors
2. Swarnam 21 – Members of Business Leadership Team or equivalent there of excluding non-executive directors,
3. Swarnam 31 – Associates in the grade of Executive Vice President and above excluding non-executive directors.
4. Swarnam 41 – Non- Executive Directors,

6.4 The Grants will be divided into to two categories as detailed below

Category A – Options granted in pursuant to the Demerger Scheme – at an option under the scheme for each option (both unvested and vested but not exercised) held under ASOP 2011 Scheme of Polaris, the Demerged Company

Category B – General Options

6.5 Nomination and Remuneration & Compensation Committee will issue a letter of grant containing, inter alia, the following details:

- Name of the Associate;
- No. of options granted;
- Date of grant
- Type of Option

Category of Option  
 Exercise Price  
 Vesting Schedule  
 Exercise Period  
 Additional Vesting Condition, if any

6.6 Grant price per option shall be as detailed below:

Category A – 28% of the Grant Price of options granted under ASOP 2011 of the Demerged Company

Category B - The Grant Price per option shall be at the Market price or discount on Market price as detailed below

		<b>DISCOUNT PER OPTION (% on Market Price)</b>			
	Price Band	Swarnam 11	Swarnam 21	Swarnam 31	Swarnam 41
A	Market Price up to Rs.49/-	Nil	Nil	Nil	Nil
B	Market Price between Rs.49 to Rs.140/-	15%	30%	50%	Nil
C	Market Price is > Rs. 140/-	10%	20%	50%	Nil

6.7 However, in case of B above, grant price (after discount) shall not be lower than the floor price.

6.8 Price Band specified in clause 6.6 shall be adjusted for corporate actions, if any.

6.9 The maximum number of options granted to any one associate over the life of the scheme shall not be more than 1% of the issued equity share capital of the company at the time of grant of the option.

6.10 No upfront payment shall be made by associates at the time of grant of options and the exercise price is payable at the time of exercise of option by those associates.

## **7. VESTING PERIOD AND CONDITIONS**

7.1 Vesting, requirements of vesting and maximum period of vesting: The continuation of the Option Grantee in the service of the company or the demerged company or its subsidiaries shall be a primary requirement of the vesting.

Category A – Vesting Schedule will be as detailed below under Category B. However, the period during which the associates held such stock options granted by the Demerged Company shall be taken into consideration for determining the Vesting schedule.

Category B

The vesting Schedule shall be as follows:

	<b>Swarnam 11</b>	<b>Swarnam 21</b>	<b>Swarnam 31</b>	<b>Swarnam 41</b>
<b>Vesting Schedule (from the date of grant)</b>	(As a % on options granted)	(As a % on options granted)	(As a % on options granted)	(As a % on options granted)
At the end of Year 1	10%	0%	0%	20%
At the end of Year 2	15%	0%	0%	20%
At the end of Year 3	20%	33%	33%	20%
At the end of Year 4	25%	33%	33%	20%
At the end of Year 5	30%	34%	34%	20%

### **7.2 Additional Condition – Performance Based**

- If the performance rating of an associate during a year, as per the policies of the company, is or lower than P- or any equivalents thereof, or where disciplinary action is initiated in any of the year during the vesting period, then 20% of the options granted shall stand cancelled for the each of the respective year(s).
- Those cancelled options shall be reduced from the options vesting immediately after the performance ratings are announced or disciplinary action is initiated.
- If there is any shortfall, then the balance shall be adjusted from subsequent vesting.
- In respect of associates who were with demerged company till the effective date, the performance rating in the Demerged Company till the effective date of Demerger shall be considered for the Performance rating.

- Further , if performance rating of an associate who are in the services of the Demerged Company, as per the policies of the Demerged company, is P- , or lower or any equivalents thereof, or where disciplinary action is initiated in any of the year during the vesting period, then 20% of the options granted shall stand cancelled for the each of the respective year(s).

### 7.3 **Additional Condition for Acceleration (Applicable for SWARNAM 11 & 21)**

In addition to the vesting schedule as per clause 8.1 above, where an option grantee is in service for not less than nine months during any financial year, vesting of balance un vested options under each type shall be accelerated (hereinafter referred to as Accelerated options) in the event of the percentage of growth in EPS for that financial year over the immediate previous financial year as indicated below:

1. **EPS growth of 25%** leads to accelerated vesting of 5% of the total options granted.
2. **EPS growth of 40%** leads to accelerated vesting of 10% of the total options granted

The accelerated options shall be reduced from the options due for vesting in the immediate succeeding year.

The accelerated vesting referred to above shall vest on the option grantee on the relevant vesting date or the date of Consolidated Audited financial statements of the group for the financial year for which the EPS growth relates to, whichever is later.

- 7.4 In case the option grantee goes on a continuous unpaid leave of 30 days or more during the vesting period, the vesting period will be automatically extended by such period of leave in excess of 30 days and there. The Nomination and Remuneration & Compensation Committee may prescribe further terms and conditions for the vesting of such options considering the contribution of such option grantees for the performance. The Nomination and Remuneration & Compensation Committee shall have the right to exempt any option grantee from the operations of the provisions of this clause.

## **8. LOCK-IN PERIOD AND METHOD OF VALUATION**

- 8.1 In order to make the ASOP 2011 more attractive, INTELLECT has decided that there shall not be any lock-in period for the shares issued consequent upon exercising the options vested under the ASOP 2011. However the option grantee shall comply with Insider Trading policy of the company in force at the time of exercise.
- 8.2 The Company shall follow the intrinsic method for valuations of options unless otherwise required by the Accounting Standards followed by the company.

## **9. EXERCISE PRICE, EXERCISE PERIOD & PROCEDURES**

- 9.1 The option grantees can exercise rights to convert the options into shares either in full or in tranches by addressing a communication to the Nomination and Remuneration & Compensation Committee as per the form that may be prescribed by the Nomination and Remuneration & Compensation Committee from time to time.. The option grantee, shall, at the time of exercise of options send the prescribed form mentioning the number of options that he is willing to exercise, Demat Account details specifying Depository Participant (D.P.) ID No., Client ID No. and PAN, together with payment for an amount equal to the aggregate exercise price payable in respect of the options is exercised.
- 9.2 The exercise period shall commence from the date of vesting and expire not later than 60(Sixty) calendar months from the relevant vesting date. For options granted under Category A, the exercise period elapsed in the Demerged Company under ASOP 2011 shall be taken into consideration for determining the exercise period under this Scheme
- 9.3 Options vested and not exercised by the option grantees before the exercise period of the said options, shall lapse.
- 9.4 Notwithstanding anything contained elsewhere in the Scheme, the Nomination and Remuneration & Compensation Committee may:
- i. if the exercise of options within the Exercise Period, is prevented by any law / regulation in force or order of any jurisdictional court, defer or not permit the exercise of options till such time as it is prohibited by the applicable laws or regulations and in such an event the company shall not be liable to pay any compensation or similar payment to the option grantee for any loss suffered due to such prohibitions and the exercise period shall stand extended by such period.
  - ii. provided further, that the Committee shall have the power to cancel all or any of the options granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the option grantee for such cancelled options.

## **10. ALLOTMENT OF SHARES ON INDIVIDUAL NAME**

- 10.1 On receipt of Exercise Price in full together with the form and documents prescribed by the Nomination and Remuneration & Compensation Committee from the option grantee and after complying with the formalities prescribed, the shares will be allotted in the name of the option grantee or to trust or to the legal heir or nominees as the case may be.



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

- 11.1 In the event of an eligible option grantee's services being discontinued on account of resignation, termination, or otherwise, the options granted to him but not vested under the ASOP 2011 shall lapse.
- 11.2 It is clarified that, on the demise of an Option grantee, all the options granted to him and pending vesting till such date shall vest in full, on the date of demise, on the nominees or legal heirs of the deceased grantee.
- 11.3 In the case the option grantee suffers a permanent incapacity while in employment, all the options granted to him and pending vesting as on the date of permanent incapacitation shall vest in him on that day.
- 11.4 In case of superannuation of an option grantee, options granted to associates would continue to vest in accordance with respective vesting schedules even after retirement or superannuation in accordance with company's policies and the applicable law
- 11.5 In the event that an associate, who has been granted options under this scheme, is transferred or deputed to an associate company prior to vesting or exercise, the vesting and exercise as per the terms of grant shall continue in case of such transferred or deputed associate even after the transfer or deputation

## **12. DISCONTINUATION OF SERVICES BEFORE EXERCISE**

- 12.1 If the services of an option grantee are discontinued at the will of such grantee or the company (e.g. resignation or termination without cause or otherwise), then, such grantee may exercise the options which are vested in him as on the date of communication of discontinuation of services, within 30 days from the last working day, failing which the options shall lapse. If trading window is closed during the currency of such 30 days, as per the insider trading policy of the company, then the exercise period shall be extended by such number of days for which the trading window is closed during the currency of such 30 days.
- 12.2 In case of an option grantee, whose services are terminated for cause (as per the policy of the company), the company reserves the right to cancel all rights pertaining to exercise of vested options under this scheme.
- 12.3 In case of death or permanent incapacity of an option grantee, options which are vested as on the date of demise or in incapacitation but not exercised and options which shall be vested as on the date of demise / permanent incapacity, shall be exercised within 180 days

from the date of death or incapacitation by the nominees / legal heirs of the deceased grantee or such grantee as the case may be, upon proper verification and approval by the Remuneration and Compensation Committee.

- 12.4 The date of the termination of employment of an option grantee shall mean the date of termination of the employment specified by the company in the letter of termination issued by the company to that grantee.

### **13. OTHER CONDITIONS ATTACHED TO OPTIONS**

- 13.1 option granted to an associate shall not be transferable to any other person
- 13.2 No person other than the associate to whom the option is granted, shall be entitled to exercise the option except in case of a deceased associate as per the provisions of this scheme
- 13.3 The options granted to an associate shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

### **14. BENEFITS AND OBLIGATIONS AS OPTION/SHARE HOLDERS**

- 14.1 Where the options have not been vested in the case of any option grantee, or where the options have been vested but have not been exercised by the grantee, if any changes be made to the Equity Share Capital of the company by reason of any corporate action like consolidation, sub-division, or conversion of shares into stock or by capitalization by bonus issue or rights issue or in any other manner, appropriate adjustments to the extent permissible under the law for the time being in force shall be made either to the number or the exercise price of options granted or both, to reflect such change without in any way affecting the rights of the said option holders, or diluting or enlarging the benefits of ASOP 2011. However the option holders will not have a right to participate in the further issue of shares including Rights/Preferential issue.
- 14.2 In the event of re-organization of the company either by corporate action, merger, amalgamation, acquisition or otherwise which does not result in a change in control the rights of the option holder shall be altered in the same way as the other shareholders of the company. In case of absence of any stock option scheme in the resulting company the amalgamating companies may have the right to give effect to this scheme under the merger process for the benefit of the option grantees with similar features in the scheme and in a manner which is not detrimental to the interest of the option grantee.

- 14.3 Neither an option grantee, nor successors in interest, shall have any of the rights of a shareholder of the company with respect to the options granted, till the company, on the exercise of options, issues shares.
- 14.4 The associate shall undertake not to utilize or disclose any unpublished price sensitive information available and indulge in any trading activities prohibited under Insider Trading Policy. Also the option grantee shall not divulge any details of the ASOP 2011 including options granted to any person except with the prior permission of the company obtained in writing
- 14.5 ASOP2011 Shares shall rank pari-passu with then existing equity shares of the company and shall be subject to the Memorandum and Articles of Association of the company.
- 14.6 All associates who have been allotted shares by virtue of exercise of options issued under the ASOP 2011 will be entitled to receive all regular benefits as shareholders of the company like Dividends Bonus Shares etc, if any, announced by the company only from the date of allotment of shares.
- 14.7 The existence of the scheme and the grants 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 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.

#### **15. APPOINTMENT OF NOMINEE**

- 15.1 An option grantee may appoint any person as nominee(s) for the purpose of exercising the rights, subject to the obligations, in terms of the ASOP 2011. The grantee concerned shall appoint such nominee(s) as per the form prescribed from time to time. The grantee has the right to revoke such nomination at any time and a fresh nomination may be made on such revocation.
- 15.2 The nominee specified as aforesaid shall alone be entitled to exercise the rights of the grantee concerned and INTELLECT shall not be liable in relation to any rights and obligations amongst the legal heir's inter-se of the grantee concerned.
- 15.3 Where the grantee has not made the nomination as above, then the person appointed as nominee by the Grantee as per the provisions of Employees Provident Fund Scheme 1952 shall be deemed to be the nominee for the purposes of ASOP 2011.
- 15.4 If an option grantee fails to make a nomination as mentioned above in any case, the options shall vest on legal heirs in the event of death.

## **16. GOVERNMENT REGULATIONS**

- 16.1 This scheme shall be subject to all applicable laws, rules, regulations, notifications and to such approvals by any governmental agencies as may be required. The grant of options under this ASOP 2011 shall entitle INTELLECT to require the associates to comply with such requirements.
- 16.2 The Courts of Chennai shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Scheme.

## **17. GENERAL RISKS**

- 17.1 Participation in this ASOP 2011 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment are that of the option grantee alone.

## **18. TAX LIABILITY**

- 18.1 In the event of any tax liability, arising in or outside India on account of the grant/vesting /exercise of options and /or allotment of the shares to the option grantee, the liability shall be that of such Grantee alone and shall be borne and paid by the option grantee at the time of exercise of units or within such time as may be prescribed under the law whichever is earlier. The grantee shall indemnify the company against any tax or other liabilities that may be imposed on the company on account of the grant/vesting /exercise of options and /or allotment of the shares to the grantee as per the form prescribed by the Remuneration and Compensation Committee. The company shall have the power to collect or recover such taxes before the allotment of shares or to retain the share due to the grantee on exercise of the options.
- 18.2 All the tax liabilities arising on disposal or transfer of shares by the grantees after exercise of options would be required to be borne by the grantee directly.
- 18.3 In the event of any tax liability arising on account of the ASOP 2011, the company shall have the right to deduct the same from the salary or to cause the shares eligible or held by the grantee under this ASOP 2011, to be sold or otherwise alienated to meet the liability, on behalf of the grantee.

## **19. CHANGES IN TERMS AND CONDITIONS OR TERMINATION OF SCHEME**

- 19.1 The company may, by Special resolution, change the terms and conditions of the ASOP 2011. However such changes shall not be detrimental to the interest of the then existing option holders in respect of the options granted to them as on that date.

Any changes made in the scheme or grant as required under any law for the time being in force or by the order of any jurisdictional court shall be binding on the option grantees.

Notwithstanding the provisions of Clause 19.1, a company shall be entitled to vary the terms of the schemes to meet any regulatory requirement without seeking shareholders' approval by special resolution

The provisions which were earlier applicable to original grant will apply to such modifications/changes of the Scheme

- 19.2 The operation of the scheme may be terminated at any point of time by the Board of Directors. However the scheme shall continue to operate in respect of options granted but pending vesting/exercise/cancellation/lapse before the date of termination of the Scheme.
- 19.3 In the event of pre-closure of the Scheme under Clause 1.5 above, the Board shall frame such terms and conditions as it may deem fit, without being detrimental to the interest of the then existing option holders.

#### **20. SUBSEQUENT SCHEMES**

- 20.1 Nothing contained in the scheme shall be construed to prevent the company from implementing any other subsequent scheme for granting stock options and/or share purchase rights, which is deemed by the company to be appropriate or in its best interest.
- 20.2 The company reserves right to carry forward the lapsed, unexercised and forfeited options to new scheme.
- 20.3 No associate or other person shall have any claim against the company as a result of such action.

#### **21. SCHEME SEVERABLE**

- 21.1 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
- 21.2 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.

## **22. LISTING OF SHARES**

- 22.1 The company shall take necessary steps for listing of shares allotted under the scheme immediately upon exercise on all the recognized stock exchange(s), where the securities of the company are listed.
- 22.2 The company shall apply for obtaining the in-principle approval from the stock exchanges where it proposes to list the shares before exercise of the options by the option grantees.
- 22.3 The company shall comply with all other requirements prescribed by the stock exchanges for exercise of the units by the option grantees and implementation of this Scheme

## **23. ARBITRATION**

- 23.1 All disputes arising out of or in connection with the Scheme or the Grant shall be referred initially to the ombudsmen. If the dispute is not satisfactorily resolved, it shall be referred to a single Arbitrator to be appointed by the Committee. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Chennai, India.

## **24. APPLICABILITY OF SEBI GUIDELINES**

- 24.1 All amendments made from time to time to the SEBI Guidelines, so far as they apply to this Scheme, shall automatically form a part of this Scheme. The Nomination and Remuneration & Compensation Committee is authorized to give effect to such amendments in the text of this Scheme.
- 24.2 The Company & its subsidiary company (ies) / Group Company (ies) shall confirm to the accounting policies as specified in Clause 13.1 of the SEBI Guidelines and / or such other guidelines as may be applicable from time to time.

## **25. CONFIDENTIALITY**

- 25.1 The associate who holds any options/shares under this scheme shall not divulge details of this scheme to any person without prior written permission of the Remuneration and Compensation Committee.
- 25.2 The associate shall enter into such agreement as the company may desire from time to time.

## **26. CONTRACT OF EMPLOYMENT**

- 26.1 This scheme shall not form part of any contract of employment between INTELLECT and the associate. The rights and obligations of any individual under the terms of office or employment with INTELLECT shall not be affected by participation in this scheme.
- 26.2 Nothing in this scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- 26.3 This scheme is purely at the discretion of INTELLECT (represented by the Remuneration and Compensation Committee).
- 26.4 This scheme shall not confer on any legal or equitable rights on any person against the company either directly or indirectly or give rise to any cause of action in law or equity against the company.
- 26.5 The associate to whom this scheme is made applicable will also be bound by a Code of Conduct, as may be framed and announced by the compensation committee from time to time, to be followed in respect of any grant and related transactions under the Scheme. Any willful violation of the said code of conduct on the part of the associate will result in the withdrawal/ annulment of the relevant and / or all related transactions under the scheme.

IN WITNESS WHEREOF,

**SIGNED BY**



For **INTELLECT DESIGN ARENA LIMITED**