

# ***INTELLECTSTOCK OPTIONPLAN***

***(INTELLECTSTOCKOPTION PLAN- 2016)***

**INTELLECT DESIGN ARENA LIMITED**

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

## INTELLECTSTOCK OPTION PLAN- 2016(*ISOP2016*)

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## 1.INTRODUCTION

- 1.1 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.
- 1.2 The objective of this INTELLECT STOCK OPTION PLAN–INTELLECT STOCK OPTION PLAN- 2016 (ISOP-2016) is to attract, retain, encourage and reward the associates, who are the drivers of company's growth. The ISOP2016 is intended to reward the associates 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 ISOP2016 will enable INTELLECT 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 ISOP 2016, 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 ISOP2016. This document should be carefully read and understood and the procedures prescribed diligently observed for availing the benefits under ISOP2016.
- 1.4 This ISOP2016 will come into effect from 21<sup>st</sup> July, 2016.
- 1.5 The tenure of the Scheme shall be Twelve years from the date of the Scheme coming into force. 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

### 1] 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 agency appointed by the Board or Nomination and Remuneration & Compensation Committee to assist the Nomination and Remuneration & Compensation Committee in administering the ISOP , inter alia, with recording and management of ISOP data, assistance in exercise and other allied matters.

2.2 **“Associates”** means

- (i) a permanent employee of the company who has been working in India or outside India; or
- (ii) a director of the company, whether a whole time director or not but excluding an independent director; or
- (iii) an associate as defined in clauses (a) or (b) of a subsidiary, in India or outside India, or of a holding company of the company but does not include—
  - 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; and
  - Any other associate, who under any law or regulation not entitled to participate in the Scheme

2.3 **“ISOP 2016” or “THE SCHEME”** means the INTELLECT STOCK OPTION PLAN 2016 of INTELLECT as set out hereunder and shall include any alterations, amendments, modifications, or variations made thereto from time to time, under which the Company grants options directly or through a Trust.

2.4 **“ISOPShares”** means shares arising out of exercise of options granted under ISOP 2016.

2.5 **“Company” or “INTELLECT DESIGN ARENA LIMITED” or INTELLECT** means Intellect Design Arena Limited incorporated in India under The Companies Act 1956 represented by CIN - L72900TN2011PLC080183, having its registered office at No. 244, Anna Salai, Chennai – 600 006 and shall include its successors-in-interest and assigns.

2.6 **“Diluted Earnings”** means the net profit or loss, (excluding investment income, gain/loss on sale of assets, other extraordinary 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.

2.7 **“Earnings per Share” or “EPS”** means the diluted earnings per share as per the group consolidated audited Balance Sheet of the Company.

- 2.8 **“Exercise”** means making of an application by the associate to the company or to the trust for issue of shares against options vested in pursuance of the ISOP2016, in the prescribed manner, along with Exercise Price and applicable taxes.
- 2.9 **“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 ISOP2016.
- 2.10 **“Exercise Price” or “Grant Price”** means the price payable by associates for exercising the option granted in pursuance of ISOP2016.
- 2.11 **“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.
- 2.12 **“Floor Price”** shall be Rs.49/- per equity share of Rs.5/- each. In case of any corporate actions, necessary adjustment shall be made to the floor price.
- 2.13 **“Grant”** means the process by which the Company issues options to associates under ISOP2016.
- 2.14 **“Grant Date” or “Date of Grant”** means the date on which the Nomination and Remuneration & Compensation Committee or Board of Directors approves the grant under ISOP 2016. The date would be specified in the grant letter issued to the Associate.
- 2.15 **“Independent Director”** shall have the same meaning assigned to it in -Regulation 16(b) of the Listing Regulations, 2015 as prescribed in the Securities Exchange Board of India.
- 2.16 **“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 Regulations.
- 2.17 **“Market Price”** means the latest available closing price on the stock exchange on which the shares of the company are listed immediately prior to the relevant date. If the shares are listed on more than one stock exchange, then the stock exchange having higher trading volume on the said date shall be considered or as may be defined under the SEBI Regulations as amended from time to time.
- 2.18 **“Nomination and Remuneration & Compensation Committee” or “the Committee”** means the committee of Board of Directors of the company constituted pursuant to Section 178 of the Companies Act, 2013 as amended or modified from time to time.
- 2.19 **“Nominee” or “Nominees”** means any person nominated by an associate under ISOP2016.

- 2.20 **“Option”** or **“ASSOCIATE STOCK OPTION”** or **“RSU”** or **“Restricted Stock Unit”** means the benefit or right but not an obligation to subscribe for, at a future date, the shares offered by the company, directly or indirectly, at a predetermined price. Options shall include Restricted Stock Units granted under ISOP 2016
- 2.21 **“Option Grantee”** or **“Grantee”** means an associate to whom the options have been granted and those having a right but not an obligation to exercise an option under ISOP 2016
- 2.22 **“Ombudsman”** means a person appointed as ombudsman or any equivalent position to address the matters related to Associates as per the policies of the company from time to time.
- 2.23 **“Person employed on Permanent basis”** means the associates who are employed on a permanent basis and on the payroll of the companies or its subsidiary (ies).
- 2.24 **“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 their subsidiary(ies) /, in or outside India
- 2.25 **“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 program pursuant to which the shares were offered to the public
  - c) The person or persons named in the offer document/ information memorandum filed with Stock exchanges as promoter(s).

Provided that a director or officer of the company who is acting as such only in professional capacity will not be deemed to be a promoter.

- 2.26 **“Promoter Group”** includes
- (a) the Promoter ;
  - (b) 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);
  - (c) All 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".
  - (d) in case promoter is a body corporate:
    - a. a subsidiary or holding company of such body corporate;

- b. anybody corporate in which the promoter holds ten per cent. or more of the equity share capital or which holds ten per cent. or more of the equity share capital of the promoter;
  - c. anybody corporate in which a group of individuals or companies or combinations thereof which hold twenty percent or more of the equity share capital in that body corporate also holds twenty per cent. or more of the equity share capital of the issuer; and
- (d) in case the promoter is an individual:
- a. any body corporate in which ten per cent. or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of his immediate relative is a member;
  - b. any body corporate in which a body corporate as provided in (a) above holds ten per cent. or more, of the equity share capital;
  - c. any Hindu Undivided Family or firm in which the aggregate shareholding of the promoter and his immediate relatives is equal to or more than ten per cent of the total;

Provided that a financial institution, scheduled bank, foreign institutional investor and mutual fund shall not be deemed to be promoter group merely by virtue of the fact that ten percent or more of the equity share capital of the issuer is held by such person:

Provided further that such financial institution, scheduled bank and foreign institutional investor shall be treated as promoter group for the subsidiaries or companies promoted by them or for the mutual fund sponsored by them;

2.27 **“Relevant Date”** means

- (i) in the case of grant, the date of the meeting of the Nomination and Remuneration and Compensation Committee on which the grant is made; or
- (ii) in the case of exercise, the date on which the notice of exercise is given to the company or to the trust by the associate;

2.28 **“SEBI Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014 or any regulations / notifications/ circulars to be issued by SEBI related to Stock Options as amended or replaced from time to time.

2.29 **“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 equivalent number of equity shares or securities convertible into equivalent number of equity shares.

2.30 **“Subsidiary Company”** means the subsidiary company as defined in Section 2(87) of The Companies Act, 2013

- 2.31 **"Trust"** means the employee welfare trust to be formed by the Company, subject to the provisions of the SEBI (Share Based Employee Benefits) Regulations 2014 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.
- 2.32 **"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 ISOP 2016.
- 2.33 **"Vesting period"** means the period during which the vesting of the option granted to the associate in pursuance of ISOP 2016 takes place. i.e. the period elapsed between the date of grant and the date of vesting of the options granted to associates.

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 Regulations, 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) (Second Amendment) Regulations, 2014 or SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 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 ISOP 2016, 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 ISOP 2016 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 ISOP including:-
    - i. the quantum of option to be granted under an ISOP 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 or Embezzlement ;
    - iii. grant an extension of time for exercise within the Tenure of this Scheme, either or on its own motion under exceptional circumstances or on application from Grantee
    - 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 Regulations.
    - 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 6.4) for corporate actions
    - vii. to determine the performance criteria / Event / Commitment based on which options granted under Swarnam 501 will be vested
    - viii. to approve the recommendation of the percentage of discount for options under Swarnam 501
    - ix. to specify the guidelines to determine and measure the Commitment of an associate

- x. to adopt and approve performance rating of associates for the purpose of this scheme
  - xi. the policies and procedure for cashless exercise of options.
  - xii. re-allocation of unexercised and forfeited options
  - xiii. determine method for contentment of any tax obligation arising in connection with the options or shares issued in pursuant to the scheme.
  - xiv. 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.
  - xv. to make any amendments in the text of this Scheme to give effect to any amendments made from time to time to the SEBI Regulations so far as they apply to this Scheme
  - xvi. constitute an ISOP Selection Committee
  - xvii. to determine the eligibility criteria under ISOP - 2016 based on evaluation of various parameters, such as length of service, grade, commitment, performance (both financial and non-financial), technical knowledge, leadership qualities, merit, contribution and conduct, future potential, etc., and such other factors as may be deemed appropriate by it and to delegate this power to ISOP Selection Committee
  - xviii. frame suitable policies, procedures and systems to ensure that there is no violation of:-
    1. SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2008 or any statutory modification or re-enactment there of; and
    2. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) (Amendment) Regulations 2013, or any statutory modification or re-enactment thereof, by any Associate.
  - xix. to determine the vesting schedule and vesting conditions for options granted under Swarnam 601.
  - 3. xx. to determine the number of options to be granted under Swarnam 601, if any, in lieu of Performance Bonus payable to associates
- e. appoint any agency for assistance in administering the ISOP (“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 ISOP 2016 as reduced by the options lapsed, surrendered, forfeited or cancelled shall not exceed 40,00,000 - (Forty 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. ISOP SELECTION COMMITTEE**

- 5.1 The ISOP Selection Committee may be constituted by the Nomination and Remuneration & Compensation Committee to enable it to identify the associates eligible to participate in this ISOP 2016, to fix the targets, goals and events based on which the options granted shall vest and to help in quantifying the options to be granted to associates.

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

- 6.1 The Nomination and Remuneration & Compensation Committee shall have the power to grant the options under the ISOP 2016 to the identified associates other than the Directors; and the Board of Directors shall have the power to grant options to the eligible Directors.

- 6.2 Options under ISOP 2016 shall be classified under following types:

- 1) Swarnam 101
- 2) Swarnam 201
- 3) Swarnam 301
- 4) Swarnam 401
- 5) Swarnam 501
- 6) Swarnam 601

- 6.3 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

Exercise Price

Vesting Schedule

Exercise Period

Additional Vesting Condition, if any

Targets/Goals if any applicable for vesting

6.4 Grant price per option shall be as detailed below:

The Grant Price per option shall be at the Market price or discount on Market price or Rs.5/ per option as detailed below

		<b>DISCOUNT PER OPTION (% on Market Price)</b>				
	Price Band	Swarnam 101	Swarnam 201	Swarnam 301	Swarnam 401	Swarnam 501
A	Market Price up to Rs.49/-	Nil	Nil	Nil	Nil	Nil
B	Market Price between Rs.49 to Rs.140/-	10%	20%	50%	25%	Up to 50%
C	Market Price is > Rs. 140/-	15%	30%	50%	25%	Up to 50%

Grant price of options (RSUs) under Swarnam 601 shall be Rs.5/- per option

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

6.6 Price Band and the Grant Price specified in clause 6.4 shall be adjusted for corporate actions, if any applicable.

- 6.7 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.
- 6.8 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 its holding / subsidiaries Company shall be a primary requirement of the vesting.

The vesting Schedule shall be as follows:

	<b>Swarnam 101</b>	<b>Swarnam 201</b>	<b>Swarnam 301</b>	<b>Swarnam 401</b>	<b>Swarnam 501</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)	(As a % on options granted)
At the end of Year 1	10%	0%	0%	0%	0%
At the end of Year 2	15%	0%	0%	0%	0%
At the end of Year 3	20%	33%	33%	33%	33%
At the end of Year 4	25%	33%	33%	33%	33%
At the end of Year 5	30%	34%	34%	34%	34%

The vesting schedule for Swarnam 601 shall be decided by Nomination Remuneration and Compensation Committee subject to a maximum vesting period of 5 years.

Options granted under Swarnam501 shall be vested based on

1. Attaining goals or
2. Achieving Targets or
3. Occurrence of an Event

On the recommendations from ISOP Selection Committee, the Nomination and Remuneration & Compensation Committee shall specify the goals, targets and events and communicate the same through grant letter at the time of grant.

These options shall vest not less than 2 years from the date of grant or not later than 5 years from the date of grant

The targets or goals as may be fixed by the Compensation committee shall be

1. Either Individual or team or the organization as a whole and
2. Financial or Event achievement

### 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 equivalent 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 such 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, if any.

### 7.3 Additional Condition for Acceleration

In addition to the vesting schedule as per clause 7.1 above, where an option grantee is in service for not less than nine months during any financial year, vesting of balance unvested 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. 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. In cases where the vesting is based on performance or attainment of targets or goals or happening of an event, the Nomination and Remuneration & Compensation Committee shall make suitable changes in vesting period or in vesting conditions in the event of option grantee going on a continuous unpaid leave of 30 days or more.

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

- 8.1 In order to make the ISOP2016 more attractive, INTELLECT has decided that there shall not be any lock-in period for the shares issued on exercising the options vested under the ISOP 2016. However the option grantee shall comply with Insider Trading policy of the company in force at the time of exercise or such other regulations as may be prescribed under law for the time being in force.
- 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 or the Trust in 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 and tax payable in respect of the options 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.
- 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 other 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 exercise of options, 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 as on the date of resignation / date of communication of discontinuation of services/ date of termination under the ISOP 2016 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, as the case may be.
- 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, all unvested options on the date of the superannuation shall lapse, unless otherwise decided by the Nomination and Remuneration & Compensation Committee at its sole discretion

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



- 12.1 If the services of an option grantee are discontinued at the will of such grantee or of the company (e.g. resignation or termination without cause or otherwise), then, such grantee may exercise the options within 30 days from the last working day, failing which the options shall lapse. If the exercise of options is delayed by operation of law or under SEBI Regulations or as per the policy of the Company, the 30 days mentioned above shall be extended by such period of days as the Nomination and Remuneration & Compensation Committee may deem fit.
- 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 capacitation 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 Nomination and Remuneration & 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 Options 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 ISOP 2016. 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, demerger, amalgamation, acquisition or otherwise, 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 holder, 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 ISOP 2016 including options granted to any person except with the prior permission of the company obtained in writing
- 14.5 ISOP 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 ISOP 2016 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 ISOP 2016. 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, as may be amended from time to time or in the absence thereof, any other Social Security Regulations, which is in force, shall be deemed to be the nominee for the purposes of ISOP2016.
- 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 ISOP2016 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 ISOP2016 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 an option holder, 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 Nomination and Remuneration & Compensation Committee. The company shall have the

power to collect or recover such taxes before / after 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 ISOP 2016, 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 ISOP 2016, 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, at any time at its discretion, change the terms and conditions of the ISOP 2016. 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. In such event, the Company is not liable to pay any compensation

- 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 , 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 the 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 and obtain 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 options by the option grantees and for the 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 REGULATIONS**

- 24.1 All amendments made from time to time to the SEBI Regulations, 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) shall confirm to the accounting policies as specified in Clause 15.1 of the SEBI Regulations or such other guidelines / regulations / notifications / circulars as may be made applicable from time to time.

## **25. CONFIDENTIALITY**

25.1 The associate who holds options/shares under this scheme shall not divulge details of this scheme or of the options held by him to any person without prior written permission of the Nomination and Remuneration & Compensation Committee.

25.2 The associate shall enter into such agreement as the Nomination and Remuneration & Compensation Committee may decide 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 Nomination and Remuneration & Compensation Committee).

26.4 This scheme shall not confer on any legal or equitable rights on associates or 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 other 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**



**V V Naresh**

**Company Secretary and Compliance officer**