



Minda Corporation Limited

Employee Stock Option Scheme 2017

Disclosures as required under Regulations 16(2) and 23(3) of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014

Part A: Statement of Risks

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before making an investment in equity shares. If our business, profitability and financial condition gets affected, the price of our equity shares could decline, and you may lose all or part of your investment in equity shares. Unless specified or quantified in the Scheme, we are not in a position to quantify the financial or other implication of any of the risks.

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

1. **Concentration:** The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.
2. **Leverage:** Any change in the value of the share can lead to a significantly larger change in the value of the options
3. **Illiquidity:** The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
4. **Vesting:** The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.

Part B: Information about the Company

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1. Name, Objective and Philosophy

- 1.1 This Scheme shall be called 'ESOP 2017'.
- 1.2 The Company strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the organization. The underlying philosophy of ESOP 2017 is to enable the Employees, present and future, to share the wealth that they help to create for the organization over a certain period of time.
- 1.3 The ESOP 2017 is established with effect from <<date of Shareholders' approval>> and shall continue to be in force until
- (i) its termination by the Board or
 - (ii) the date on which all of the Options available for issuance under the ESOP 2017 have been issued and exercised.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2017.

2. Definitions and Interpretations**2.1 Definitions**

- i. **"Abandonment"** means discontinuation of employment by an Option Grantee without the Company's consent.
- ii. **"Agreement"** means the Employee Stock Option Agreement between the Company and the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option. The Agreement is subject to the conditions of ESOP 2017.

- iii. **“Applicable Law”** means every law relating to Employee Stock Options, including, without limitation to, the Companies Act, 2013, and all relevant tax, securities, exchange control or corporate laws of India.
- iv. **“Board”** means the Board of Directors of the Company.
- v. **“Companies Act”** means The Companies Act, 2013 and includes any statutory modifications or reenactments thereof.
- vi. **“Company”** means Minda Corporation Limited.
- vii. **“Company Policies / Terms of Employment”** mean the Company’s policies for Employees and the terms of employment as contained in the employment letter and any other rules / bye-laws issued from time to time.
- viii. **“Nomination and Remuneration Committee”** means a Committee constituted by the Board of Directors consisting of majority of independent directors to administer and implement ESOP 2017.
- ix. **“Director”** means a member of the Board of the Company.
- x. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Nomination and Remuneration Committee for granting the Employee Stock Options to the Employees.
- xi. **“Employee”** means (i) a permanent employee of the Company, working in India or out of India; or (ii) a director of the Company, whether a whole-time or not or; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this Clause 2.1 (x) of a Subsidiary Company, in India or out of India but excludes :

- a. an employee who is a promoter or belongs to the promoter group;
 - b. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company;
 - c. an independent director.
- xii. **“Employee Stock Option” or “Option”** means an Option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the Shares underlying the Option at a pre-determined price.
- xiii. **“Exercise”** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the ESOP 2017, in accordance with the procedure laid down by the Company for the Exercise of Options.
- xiv. **“Exercise Period”** means such a time period within which the Employee can Exercise the Options vested in him in pursuance of the ESOP 2017.
- xv. **“Exercise Price”** means the price payable by an Employee in order to Exercise the Options granted to him in pursuance of the ESOP 2017.
- xvi. **“Grant”** means issue of Options to the Employees under the ESOP 2017.
- xvii. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2017.
- xviii. **“Permanent Disability”** means any disability 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 Employee was capable of performing immediately before such disablement, as determined by the Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Nomination and Remuneration Committee.

- xix. **“Retirement”** means retirement as per the rules of the Company.
- xx. **“Recognized Stock Exchange”** means any recognized stock exchange in India.
- xxi. **“Scheme / Plan / ESOP 2017”** means this Employee Stock Option Scheme 2017 under which the Company is authorized to Grant Employee Stock Options to the Employees.
- xxii. **“Shares”** means equity shares of the Company arising out of the Exercise of Employee Stock Options granted under the ESOP 2017.
- xxiii. **“Subsidiary Company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 2013.
- xxiv. **“Trust/ESOP Trust”** means MCL ESOS Trust, which is an Employee Benefit Trust, established by the company for the benefit of the employees of the company and which may from time to time grant options, administer the scheme and hold cash or Shares of the Company for the purposes of implementing ESOP 2017.
- xxv. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.
- xxvi. **“Vesting”** means earning by the Option Grantee, the right to Exercise the Employee Stock Options granted to him in pursuance of the ESOP 2017 Option subject to fulfillment of Exercise conditions.
- xxvii. **“Vesting Condition”** means any condition subject to which the Options granted would Vest in an Option Grantee.
- xxviii. **“Vesting Period”** means the period during which the Vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2017 takes place.

- xxix. **“Vested Option”** means an Option in respect to which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option subject to fulfillment of Exercise conditions.

2.2 Interpretation

In this Plan, unless 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) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

3. Authority and Ceiling

- 3.1 The shareholders of the Company, vide their approval dated have authorized the Nomination and Remuneration Committee to grant Employee Stock Options exercisable into not more than 53,41,840 (Fifty Three Lacs Forty One Thousand Eight Hundred forty Only) Shares of face value Rs. 2 each of the Company through the Trust, under one or more Employee Stock Option Schemes to the Employees of the Company and its Subsidiary Companies. The total number of options that may be granted to any specific employee under one or more Schemes during any one year shall not exceed 0.5% of the Paid-Up capital at the time of grant and in aggregate shall not exceed 53,41,840 (Fifty Three Lacs Forty One Thousand Eight Hundred forty Only) equity shares of the Company.
- 3.2 The Board in its meeting held on 20th December 2016 has resolved to issue to Employees under ESOP 2017, 53,41,840 (Fifty Three Lacs Forty One Thousand Eight Hundred forty Only) Shares of face value Rs. 2 each of the Company, with each such Option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.

- 3.3 Under ESOP 2017, the Trust would transfer the Shares as and when the Vested Options are exercised by the Option Grantees.
- 3.4 Employee Stock Options that expire / lapse / get cancelled shall become available for future Grants, subject to compliance with all the Applicable Laws.
- 3.5 In case of a share-split where the face value of the shares is reduced below Rs.2 or in case of consolidation of shares, the maximum number of Options available for being granted under ESOP 2017 shall stand modified accordingly, so as to ensure that the cumulative paid-up value (No. of shares X Face value per share) of the total Shares arising out of Exercise of Options that can be issued remains unchanged.

4. Administration

- 4.1 The ESOP 2017 shall be administered by the Nomination and Remuneration Committee through the Trust. All questions of interpretation of the ESOP 2017 or any Employee Stock Option shall be determined by the Nomination and Remuneration Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2017 or such Employee Stock Option.
- 4.2 The Nomination and Remuneration Committee shall in accordance with this Plan and Applicable Laws determine the following:
- a) The Eligibility Criteria, procedure for ESOP allocation and the specific quantum of Employee Stock Options to be granted under the ESOP 2017 per Employee, subject to the ceiling as specified in Para 3.2;
 - b) Vesting schedule and Vesting Conditions;
 - c) The Exercise Period within which the Employee should Exercise the Option and that the Option would lapse on failure to Exercise the Option within the Exercise Period;
 - d) The specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of an Employee;

- e) The right of an Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
- f) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
- g) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues and others;
- h) The procedure and terms for the Grant, vest and Exercise of Employee Stock Option in case of Employees who are on a long leave;
- i) Mode of payment of the Exercise Price (cheque, demand draft, deduction from salary, or any other mode) ;
- j) The procedure for cashless Exercise of Employee Stock Options, if required;
- k) Approve Forms, writings and / or agreements for use in pursuance of the ESOP 2017;
- l) Frame any other bye - laws, rules or procedures as it may deem fit for administering ESOP 2017;
- m) Decide all other matters that must be determined in connection with an Option under the Plan.

5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP 2017. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Nomination and Remuneration Committee and approved by the Board.
- 5.2 The Scheme shall be applicable to the Company and its Subsidiary Companies and any successor company thereof and Options may be granted to the Employees and Directors of the Company and its Subsidiary Companies, as determined by the Nomination and Remuneration Committee and approved by the Board of Directors.

6. Grant of Options

6.1 Grant of Employee Stock Options shall be evidenced by the Employee Stock Option Agreement in such form, as the Nomination and Remuneration Committee shall from time to time determine. Such Agreement shall be deemed to incorporate all the terms of the ESOP 2017, as if the same were set out therein. In the event of inconsistency between the Agreement and the ESOP 2017, the ESOP 2017 shall prevail.

6.2 Unless otherwise provided by the Nomination and Remuneration Committee at the time when the Employee Stock Options are granted, the Employee Stock Options granted to an Employee shall be subject to the terms and conditions set forth in this Plan and the Agreement as approved by the Nomination and Remuneration Committee.

7. Vesting Period / schedule / Conditions

Options granted under ESOP 2017 would vest not earlier than one year and not later than five years from the date of Grant of such Options. Vesting of Options would be subject to continued employment with the Company and thus the Options would vest on passage of time. However, in addition to this, the Nomination and Remuneration Committee may also, if it feels necessary in certain or in all cases, specify certain performance parameters – corporate, individual or a combination – subject to which the Options would vest. The specific Vesting schedule and Vesting Conditions subject to which Options would vest would be detailed in writing and provided to the Option Grantee at the time of the Grant of Options.

8. Exercise

- a) The options will be granted at an exercise price equal to the latest available closing price discounted by 50% or such other percentage as may be decided by the Remuneration Committee and approved by the Board of Directors, prior to the date of the meeting of the Nomination and Remuneration Committee, in which options are granted, on the stock exchange on which the Company's shares are listed.

- b) The Employee Stock Options granted shall be capable of being exercised within a period of one year from the date of Vesting of the respective Employee Stock Options.
- c) In the event of the death of an Employee while in employment with the Company, all the Vested and Unvested Options may be Exercised by the Option Grantee's nominee / legal heir* immediately after, but in no event later than six months from the date of death.
- d) In the event of separation of an Employee from the Company due to reasons of Permanent Incapacity the Option Grantee may Exercise his or her Vested as well as Unvested Option immediately after Permanent Incapacity but in no event later than six months from the date of separation from employment. In the event of the death of the Option Grantee after such separation and before the expiry of six months from the date of such separation, the nominee / legal heir* of such Option Grantee would be allowed to exercise such Vested and Unvested Options within six months from the date of death.

* The nomination shall be made in the form prescribed by the Company for this purpose. In case no nomination has been made by the Option Grantee, then in case of his / her death, the Options shall vest in and shall be exercised by the legal heir of such Option Grantee within the specified time period as may be decided by the Nomination and Remuneration Committee, provided that such legal heir of such Option Grantee produces before the Nomination and Remuneration Committee all such documents as may be required by the Company to prove the succession to the assets of the deceased Option Grantee.

- e) In the event of separation from employment for reasons of normal retirement or a retirement specifically approved by the Company, all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than six months from the date of such Option Grantee's retirement, and all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the Nomination and Remuneration Committee whose determination will be final and binding.

- f) In the event of resignation, all Unvested Options on the date of submission of resignation shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee immediately but not later than his last working day.
- g) In the event of abandonment of employment by an Option Grantee, all Employee Stock Options granted to such employee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect. The Nomination and Remuneration Committee, at its sole discretion shall decide the date of abandonment by an Employee and such decision shall be binding on all concerned.
- h) In the event of termination of the employment of an Option Grantee due to breach of policies of the Company or the terms of employment, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such breach shall stand terminated with effect from the date of such breach; the date of such breach shall be determined by the Nomination and Remuneration Committee, and its decision on this issue shall be binding and final.
- i) In the event of an Employee being transferred amongst the Company and its Subsidiaries at instance of or with consent of the Company, the Option Grantee will continue to hold all the Vested Options and can Exercise them anytime within the Exercise Period. All Unvested Options shall vest as per the Vesting schedule.
- j) The Shares arising out of Exercise of Vested Options shall not be subject to any lock in period after such Exercise.

9. Other Terms and Conditions

- 9.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc) in respect of any Shares covered by the Grant unless the Option Grantee exercises the Employee Stock Option and becomes a registered holder of the shares of the Company.

9.2 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Clause 4.2(i) of ESOP 2017. Only if the Employee Stock Options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company, the Option Grantee would be entitled for bonus or rights shares as shareholder of the Company

9.3 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee.

9.4 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

10. Tax Liability

The Company shall have the right to deduct from the Employee's salary, any tax obligations, whether of the Company or of the Employee, arising in connection with the Employee Stock Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee.

11. Authority to vary terms

The Nomination and Remuneration Committee may, if it deems necessary, vary the terms of ESOP 2017, subject to the shareholders' approval and the Applicable laws.

12. Miscellaneous

12.1 Government Regulations

This ESOP 2017 shall be subject to all Applicable Laws, and approvals from governmental authorities.

12.2 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.

- 12.3 The Grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of such contract between any person and the Company gives such person any right or entitlement to have an Employee Stock Option granted to him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.
- 12.4 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Employee Stock Option on any other occasion.
- 12.5 The rights granted to an Option Grantee upon the Grant of an Employee Stock Option shall not afford the Option Grantee 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).
- 12.6 The Option Grantee 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 Employee Stock Option in whole or in part.

13. Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2017 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by the Option Grantee to the Company in respect of ESOP 2017 shall be sent to the address mentioned below:

The Company Secretary

Minda Corp Limited
A-15, Ashok Vihar , Phase -1 Delhi -110052
asancheti@minda.co.in

14. Governing Law and Jurisdiction

14.1 The terms and conditions of the ESOP 2017 shall be governed by and construed in accordance with the laws of India.

14.2 Arbitration:

In the event of a dispute arising out of or in relation to the provisions of this ESOP 2017 (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing. In case of such failure, either party may refer the dispute to a single arbitrator, the Chief Executive Officer or any person appointed by him. The arbitration proceeding shall be held in New Delhi, India, under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Delhi.

14.3 The Courts of Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2017.

14.4 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2017:

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

15. Confidentiality

Notwithstanding anything contained in this Scheme, the Grantee/ Employee/ Beneficiary shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the Applicable laws or any statutes or regulations applicable to such Grantee/ Employee / Beneficiary.

Approved by the Board in their meeting held on December 20, 2016

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