



# Employee Stock Option Scheme 2010

## Sterlite Technologies Limited





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## **1. Name, Objective and Term of the Plan**

- 1.1 This Plan shall be called the “ESOP 2010”.
- 1.2 The objective of the ESOP 2010 is to provide an incentive to attract, retain and reward Employees performing Services for the Company and by motivating such Employees to contribute to the growth and profitability of the Company.
- 1.3 The ESOP 2010 is established with effect from April 22, 2010 in accordance with the special resolution passed by the shareholders of the Company at their meeting held on July 14, 2010 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 2010 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 2010.

## **2. Definitions and Interpretation**

### **2.1 Definitions**

The terms defined in this ESOP 2010 shall for the purposes of this ESOP 2010, have the meanings herein specified and terms not defined in this ESOP 2010 shall have the meanings as defined in the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 1956, the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, or in any statutory modifications or re-enactments thereof, as the case may be.

- i. **“Agreement”** means the Employee Stock Option Grant letter read along with ESOP 2010 scheme and approvals of Shareholders, Board of Directors and conditions set by Compensation Committee.
- ii. **“Applicable Law”** means the legal requirements relating to Employee Stock Options, including, without limitation, the Companies Act, 1956, SEBI Act, the SEBI Guidelines and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the shares are listed or quoted.
- iii. **“Board”** means the Board of Directors of the Company.



- iv. **“Companies Act”** means The Companies Act, 1956 and includes any statutory modifications or reenactments thereof.
- v. **“Company”** means Sterlite Technologies Ltd.
- vi. **“Compensation Committee”** means a Committee constituted by the Board of Directors from time to time to administer ESOP 2010.
- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Compensation Committee for granting the Employee Stock Options to the employees.
- ix. **“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 director or not; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of a subsidiary, in India or out of India, or of a Holding Company of the Company, but excludes
  - a. an employee who is a promoter or belongs to the promoter group (excluding those persons who are entitled to receive Employee Stock options pursuant to SEBI Guidelines);
  - 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.
- x. **“Employee Stock Option” or “Option”** means the 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.
- xi. **“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 2010, in accordance with the procedure laid down by the company for exercise of options.
- xii. **“Exercise Period”** means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the ESOP 2006.



- xiii. **“Exercise Price”** means the price payable by an Employee in order to exercise the Option granted to him in pursuance of the ESOP 2010.
- xiv. **“Grant”** means issue of Options to the Employees under the ESOP 2010.
- xv. **“Holding Company”** means a holding company as defined by the Companies Act, 1956
- xvi. **“Market Price”** means the price of an equity share of the Company on a recognized stock exchange.
- xvii. **“Option Grantee”** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2010.
- xviii. **“Permanent Incapacity”** 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 Compensation Committee based on a certificate of a medical expert identified by such Committee.
- xix. **“Promoter”** means (a) the person or persons who are in over-all control of the company; (b) the person or persons who are instrumental in the formation of the company or programme pursuant to which the shares were offered to the public; (c) the person or persons named in the offer document as promoter(s). Provided that a director or officer of the company if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- xx. **“Promoter Group”** means (a) an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the promoter group”.
- xxi. **“Recognised Stock Exchange”** means the BSE, NSE or any other Stock Exchange in India on which the Company’s Shares are listed or to be listed.
- xxii. **“Retirement”** means retirement as per the rules of the Company.
- xxiii. **“Scheme / Plan / ESOP 2010”** means this Employee Stock Option Plan 2010 under which the Company is authorised to grant Employee Stock Options to the Employees.

- xxiv. “**SEBI Act**” means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxv. “**SEBI Guidelines**” means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and includes all regulations and clarifications issued there under.
- xxvi. “**Shares**” means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the ESOP 2010.
- xxvii. “**Subsidiary company**” means any present or future subsidiary company of the Company, as defined in the Companies Act, 1956.
- xxviii. “**Vesting**” means earning by the Option Grantee, of the right to apply for Shares of the Company against the Employee Stock Options granted to him in pursuance of the ESOP 2010.
- xxix. “**Vesting Period**” means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2010 takes place.
- xxx. “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.
- xxxi. “**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.

## 2.2 Interpretation

In this Plan, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) 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 Board in its meeting on April 22, 2010 has resolved to issue to the employees of the Company, under ESOP 2010, Employee Stock Options exercisable into not more than **4.00%** of Paid up Equity Share Capital (face value of Rs. 2 each), and to the employees of the subsidiary companies, Employee Stock Options exercisable into not more than **1.00%** of Paid up Equity Share Capital (face value of Rs. 2 each), 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.
- 3.2 If an Employee Stock Option expires or becomes unexercisable without having been exercised in full, the unpurchased Shares, which were subject thereto, shall become available for future Grants or sale.
- 3.3 Where Shares are issued consequent upon exercise of an Employee Stock Option under the ESOP 2010, the upper limit on the number of Shares referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.4 In case of a share-split where the face value of the shares is reduced below Rs. 2, the maximum number of shares available for being granted under ESOP 2010 shall stand modified accordingly, so as to ensure that the paid-up value (No. of shares X Face value per share) of the total shares that can be issued remains unchanged. Thus, for instance, if the face value of each share is reduced to Re. 1, the total number of shares available under ESOP 2010 would be **5%** of the paid up Equity Share Capital, of Re. 1 each.

### **4. Administration**

- 4.1 The ESOP 2010 shall be administered by the Compensation Committee. All questions of interpretation of the ESOP 2010 or any Employee Stock Option shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2010 or such Employee Stock Option.
- 4.2 The Compensation Committee shall in accordance with this Plan and Applicable Laws determine the detailed terms and conditions of the Employee Stock Options, including but not limited to:



- (a) The quantum of Employee Stock Options to be granted under the ESOP 2010 per Employee, subject to the ceiling as specified in Para 3.1;
- (b) The Eligibility Criteria;
- (c) The Schedule for Vesting of Employee Stock Options;
- (d) The conditions under which the Employee Stock Option vested in Employees may lapse in case of termination of employment for misconduct;
- (e) The procedure for making a fair and reasonable adjustment to the number of Employee Stock Options and to the Exercise Price in case of a corporate action such as rights issues, bonus issues, merger, sale of division and others. In this regard the following shall be taken into consideration by the Compensation Committee:
  - (i) the number and / or the price of the Employee Stock Options shall be adjusted in a manner such that the total value of the ESOP 2010 remains the same before and after such corporate action;
  - (ii) for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
  - (iii) the Vesting Period and the life of the Employee Stock Options shall be left unaltered as far as possible to protect the rights of the Option Grantee
- (f) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (g) The procedure for cashless exercise of Employee Stock Options, if required;
- (h) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2010.
- (i) Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992 and (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any Employee.
- (j) Frame any other byelaws, rules or procedures as it may deem fit for administering ESOP 2010.



- (k) In case there has been a landmark achievement by a unit or the company as a whole, the Compensation Committee may decide, on the basis of a suggestion by the Chairman, to issue a special grant of options to eligible employees of the unit or the organisation, as the case may be. In such a case, the Compensation Committee may exercise its discretion in the matter of relaxing the eligibility criteria of one year's service, and/or the vesting schedule, in such a manner that the SEBI ESOS Guidelines are not contravened.

## **5. Eligibility and Applicability**

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP 2010. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Compensation Committee.
- 5.2 Unless otherwise provided by the Compensation Committee at the time 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 Compensation Committee.
- 5.3 Grant of Employee Stock Options shall be evidenced by the Employee Stock Option Agreement in such form, as the Compensation Committee shall from time to time determine. Such Agreement shall be deemed to incorporate all of the terms of the ESOP 2010, as if the same were set out therein.

## **6. Vesting Schedule / Conditions**

Options granted under ESOP 2010 would vest not less than one year and not more 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. In addition to this, the Compensation Committee may also specify certain performance parameters subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.



## 7. Exercise

- a) The exercise price shall be Rs 2 per option (share of a face value of Rs. 2 each). Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or online transfer to Company's account maintained for scheme, or in such other manner as the Compensation Committee may decide.
- 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. The shares arising out of exercise of vested options will not be subject to any lock - in period after such exercise.
- c) In the event of the death of an Employee while in employment with the Company, all the Vested and Unvested Options (excluding those options which are lapsed as per the terms scheme) may be Exercised by the Option Grantee's nominee immediately after, but in no event later than one year from the date of death or in such other manner as the Compensation Committee may decide.
- d) If an Option Grantee suffers a Permanent Incapacity while in employment, all unvested Options (excluding those options which are lapsed as per the terms scheme), shall immediately vest in him as on the date of Permanent Incapacitation. The Option Grantee may Exercise all such Vested Options immediately after Permanent Incapacity but in no event later than one year from the date of such Permanent Incapacity. In the event of the separation of such Option Grantee from the Company due to such Permanent Incapacity and his death before the expiry of the said one year from the date of such Permanent Incapacity, the nominee / legal heir of such Option Grantee would be allowed to exercise all his Vested Options within one year from the date of death of the Option Grantee or in such other manner as the Compensation Committee may decide.
- e) In the event of resignation from employment for reasons of normal retirement or a retirement specifically approved by the Company,
  - i. 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



- ii. all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the Compensation 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 **three** months from the date of resignation.
- g) In the event of abandonment of employment by an Option Grantee without the Company's consent, 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 Compensation 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 Compensation Committee, and its decision on this issue shall be binding and final.

## **8. Other Terms and Conditions**

- 8.1 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.
- 8.2 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, except that the entitlement to the number of options will be adjusted in terms of section 4.2(e). 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 Option holders of the Company.
- 8.3 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7(c) & 7(d) would apply.



8.4 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 holder, in which case clause 7(c) & 7(d) would apply.

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

## **9. Deduction of Tax**

The Company shall have the right to deduct from the employee's salary, any of the employee's tax obligations 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 or to release Shares from an escrow established in pursuance of the Agreement until the Company's tax deduction obligations, if any have been satisfied by the Option Grantee.

## **10. Authority to vary terms**

The Compensation Committee may, if it deems necessary, vary the terms of ESOP 2010, subject to the SEBI Guidelines and applicable laws.

## **11. Miscellaneous**

### **11.1 Government Regulations**

This ESOP 2010 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this ESOP 2010 shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

### **11.2 Inability to obtain authority**

The inability of the Company to obtain authority from any regulatory body having jurisdiction, 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.



- 11.3 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 a contract of employment between any person of the Company, give such person any right entitlement or expectation 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.
- 11.4 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.
- 11.5 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 of the group for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.6 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 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. Notices**

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2010 shall be in writing and/or through mail and/or through online publication and shall be sent to the address / email address of the Option Grantee available in the records of the Company and/or online publication shall be displayed on the dedicated website and any communication to be given by an Option Grantee to the Company in respect of ESOP 2010 shall be sent to the address mentioned below:

**Sterlite Technologies Ltd.**  
4th Floor Godrej Millenium  
9, Koregaon Road, Pune 411 001



### **13. Governing Law and Jurisdiction**

- 13.1 The terms and conditions of the ESOP 2010 shall be governed by and construed in accordance with the laws of India.
- 13.2 The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2010.
- 13.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2010:

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

### **14 Income Tax Rules**

The applicable Income Tax Laws and Rules as in force will be applicable. The Company will have the right to deduct the tax applicable on exercise of options, from any other dues to employee or require such employee to pre-deposit of tax amount at the time of exercise.

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