

Eicher Motors Ltd.
Eicher Employees Stock Option Plan

1. Purpose

The objective of the ESOP plan is to motivate and reward the senior management team for their contribution to Eicher Motor's success, specifically achievement of the business plan and to foster an environment of team work.

2. Definitions

The terms defined in this section shall, for purposes of this Plan, have the meaning herein specified:-

Agreement means the Eicher Motors Employee Stock Option Plan Agreement executed between the company and the participant, laying down the terms and condition of the grant. The agreement is subject to the terms and conditions of the plan.

Award means any option granted under the plan.

Authorised Capital means the authorized capital of the company.

Board means the Board of Directors of the Company.

Compensation committee shall be a committee of such members of the Board of Directors of the Company as provided under Section 178 of the Companies Act, 2013, as amended or modified from time to time.

Company means Eicher Motors Limited, and any successor Company thereof.

Disability means physical condition wherein, in the opinion of the Compensation Committee, the participant is not able to discharge his duties.

Employee 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 employee as defined in clauses (i) or (ii) of a subsidiary, in India or outside India, or of a holding company of the Company but does not include :-
 - a) an employee who is a promoter or a person belonging to the promoter group; or
 - b) a director, who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent (10%) of the outstanding equity shares of the Company

Employer means Company, its subsidiaries in India and abroad or any successor Company thereof.

Employee Stock Option means the benefit or right given to the employees of the company to purchase at a future date, the securities offered by the company at a pre-determined price.

Equity or Equity shares means equity shares of the company

Exercise means making of an application by an employee to the Company for issue of shares against vested options in pursuance of the scheme.

Exercise Period means the time period after vesting during which the participant can exercise the options held by him. If options are not to be exercised within this period, they will lapse.

Exercise Price means the consideration at which the shares may be purchased by the participant pursuant to an option.

Guidelines means SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.

Grant Size means the number of options granted to the participant.

Fair Market Value means latest available closing price, prior to the date of the meeting of the compensation committee/board of directors when the option are granted.

Plan means the Eicher Motors Employee Stock Option Plan as set forth in this document and as hereafter amended from time to time.

Promoter/Promoter Group:

Promoter shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

Promoter Group shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:

Provided where the promoter or promoter group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such company.

Participant/Participant Employee(s) means all those employees and Directors who are eligible to participate in the Plan as per the eligibility criteria.

Retirement means, in case of employees, retirement as per superannuation rules of the Company and in case of Directors, retirement as per Companies Act, 1956.

Sign-on means that the employee accepting the employment from the company.

Stock Option/Option means an option to purchase equity shares of the Company.

Transfer-in means the transfer of the employment of an employee to the Company from Parent/Subsidiary/Associate Company.

Transfer-out means transfer of the employment of the employee from the Company to a Parent/ Subsidiary/ Associate Company.

Vesting period means the period, from the date of grant of options till the date on which the employee is eligible to exercise the option.

Vested Options means all those options for which the period from the day of grant of the option to the day under consideration, is greater than the vesting period.

Unvested Option means all those options for which the period from day of grant of the option to the day under consideration is less than the vesting period.

3. Plan

The Plan is to grant options to purchase equity shares of the Company to the participants, as shall be determined by the Compensation Committee in its sole discretion. The participant shall have the right to accept the offer in full or in part.

4. Eligibility

The Plan is applicable to all permanent and full-time employees, excluding promoters of the Company. The eligibility to receive grants under the Plan shall be decided by the Compensation Committee from time to time at its sole discretion.

5. Number of Shares

The total number of shares available for grant under the Plan shall not exceed 5% of the issued and subscribed equity share capital of the Company, from time to time.

6. Effective Date of the Plan

The effective date of the Plan is the date of its approval by the Shareholders of the Company, by passing a special resolution in the general meeting, as per Section 6 of SEBI Guidelines.

7. Terms of the Plan

7.1 Frequency of Grant

The options shall be granted to eligible participants from time to time, as decided by the Compensation Committee

7.2 Grant Date

The day on which the Compensation Committee finalizes the Grant shall be the Grant Date, subject to the approvals from the board of directors and the shareholders.

Interims grants may be made at a predefined frequency, over and above the grant frequency determined by the Compensation Committee, to accommodate for exceptions like sign-ons, transfers-in, transfers-out, promotions, acquisitions, spin-offs etc.

7.3 Grant Size

The Compensation Committee shall determine the number of options to be granted to each participant and the criteria to be applied for such determination. The Committee shall have full discretion to lay down, change or modify the criteria, as they deem fit.

The Committee may consider criteria such as performance of the company and the Participant, level in the organization, potential, period of service, criticality of the individual, number of shares available, etc.

7.4 Vesting Period

The Compensation Committee shall decide the manner and period of vesting of options at the time of grant

No options shall, however, vest in less than 12 months, or such other period as maybe prescribed by the SEBI guidelines from time to time, after the date of grant.

7.5 Exercise Price

The Compensation Committee shall determine the exercise price of each grant and the pricing formula to be applied for such determination. The exercise price shall, however, be no less than the Fair Market Value on the grant date.

7.6 Period of Exercise

The options granted can be exercised at any time until completion of seven years from the date of vesting. Any options remaining unexercised at the end of the exercise period shall lapse.

7.7 Manner of Exercise

At the time of exercise the participant may pay the exercise price in the form of payment as approved by the Compensation Committee.

8. Form of Consideration

8.1 Cash Payment

The Committee shall establish procedures governing the exercise of Options, which shall require that written notice of exercise be given and that the Option price be paid in full in cash, including by personal cheque, at the time of exercise or pursuant to any other arrangement that the Committee shall approve. As soon as practicable after receipt of a written exercise notice and full payment of the exercise price, the Committee shall deliver to the participant the shares.

8.2 Cashless Exercise

Under the cashless system of exercise, the company may itself fund or permit the empanelled stock brokers to fund the payment of exercise price which shall be adjusted against the sale proceeds of some or all the shares, subject to the provisions of the Companies Act.

9 Termination of Employment

The Plan shall be practiced in the following ways in the case of termination of employment:

9.1 On Retirement: If employee retires from the company, he shall exercise his vested options within 120 months or the remaining validity of the options, whichever is earlier. All unvested options shall vest with the employee as per predetermined schedule, subject to SEBI rules and guidelines.

9.2 On Death: In the event of the death of employee while in employment, the vested options shall be transferred to the legal heirs or nominees indicated in the agreement and exercised within 12 months. If, on his death, all options that the employee was entitled to, have not vested in the employee, the unvested options shall vest immediately and be transferred to his legal heirs or nominee indicated in the agreement for exercise within 12 months.

9.3 On Disability: In case the employee suffers a disability while in employment, the vested options can be held by the employee and exercised within 3 years from the date of disability or the remaining validity of the options, whichever is earlier. If, on the date of disability, there are any unvested options, the shares covered by the unvested portion shall vest immediately, and need to be exercised within 3 years

9.4 On Termination due to Quit/Fire: If an employee ceases to be in employment due to resignation or being fired by the company, the vested options can be exercised within the notice period. All the unvested options will be forfeited.

10. Special Conditions - Change in Control: For the purpose of the Plan, restrictions on vested and unvested options will be removed immediately with 1-3 months allowed for exercise, as decided by the Compensation Committee.

11. Eicher Motors Employee Stock Option Plan Agreement

The Employees shall enter into an agreement with the Company at the time of grant of options. The grant will be governed by the terms and conditions listed in the plan and the Agreement.

12. Taxation

12.1 Prior to the delivery of any shares, the Company shall have the power and the right to deduct or withhold tax at source as required under the Income Tax Act, 1961.

12.2 All tax liability arising out of receipt of options, exercise of options and/or subsequent sale of shares shall be that of the participant alone.

13. Rights as a shareholder

The Participant shall not have the right to receive any dividend or to vote or in any manner enjoy the rights or benefits of a shareholder in respect of options granted to him, till the shares are issued on exercise of options.

14. Administration

The plan shall be administered by Compensation Committee.

14.1 The Compensation Committee shall have the full powers to administer the Plan, prescribe or amend any rules and correct any defects in the plan.

14.2 The Committee by majority action thereof, is authorized to prescribe, amend, and rescind rules and regulations relating to the Plan, to provide for conditions deemed necessary or advisable to protect the interests of the Company, and to make all other determinations necessary or advisable for the administration and interpretation of the plan in order to carry out its provisions and purposes as given 5.3 of the SEBI Guidelines. Determinations, interpretations, or other actions made or taken by the committee pursuant to the provisions of the Plan shall be final, binding and conclusive for all the purposes and upon all persons.

The Compensation Committee shall take all decisions regarding the administration of the Plan such as:

- Quantum of stock options to be granted per employee and in aggregate.
- Conditions under which vested options lapse in case of termination of employment for misconduct.
- Exercise period within which the employee should exercise the option.
- The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee.
- 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.
- The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issue, bonus issues, merger, sale of division and others.

In this regard following shall be taken into consideration by the compensation committee:

- the number and the price of ESOP shall be adjusted in a manner such that total value of the ESOP remains the same after the corporate action.
- for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
- the vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.

- The grant, vest and exercise of option in case of employees who are on long leave; and
- The procedure for cashless exercise of options.
- To ensure there is no violation of :

SEBI (Insider Trading) Regulation, 1992;

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities Market) Regulations, 1995,

Or any other laws, regulations or guidelines relating to employee shareholding.

14.3 The Compensation Committee shall obtain permission/s from and make periodic reporting to the regulatory authorities and ensuring compliance with all guidelines applicable to the ESOP. All disputes regarding the Plan shall be referred to the Compensation Committee and the decision of the Compensation Committee shall be final, conclusive and binding on all persons.

15. Amendment and Termination of the Plan

15.1 The Board of Directors may, in their sole discretion, amend, suspend, or terminate the Plan at any time.

15.2 In the event of such termination, the Compensation Committee shall prescribe the conditions governing the vesting and exercise of the outstanding options. Such conditions may not, however, be less beneficial to the participant or more restrictive than the conditions of the Plan.

15.3 The Board may not make any amendment which would (i) materially modify the requirements for participation in the Plan, (ii) increase the number of shares subject to Awards under the Plan pursuant to para 5 of the Plan, or (iii) change the minimum exercise price for share options as provided in para 7.5, in each case without the approval of majority of the shareholders. No amendment or modification shall affect the rights of any Employee with respect to a previously granted Award.

No amendment, alteration, suspension or termination of the plan shall impair the rights of any participant, unless mutually agreed upon otherwise between the Company and the participant in an agreement, in writing.

16. Reconstruction/Amalgamation of the Company

In the event of Reconstruction/Amalgamation of the Company, the Compensation Committee shall ensure that the participant receive options in the new entity in the same proportion as the shareholders and the number of options and/or the exercise price shall be modified in a manner so as to ensure that the value of the new options is not less than the value of options already granted.

17. Adjustment in Capitalization

In the event of issue of bonus shares or stock split, recapitalization (including the payment of an extraordinary dividend), merger, consolidation, combination, spin-off, distribution of assets to shareholders, exchange of shares, or other familiar corporate transaction or event, (i) the aggregate number of shares available for Awards and (ii) the number of shares and exercise price with respect to Options shall be approximately adjusted by the committee, whose determination shall be final.

In the case the original options have not vested fully with the participant , the adjusted options shall vest with the participant as per the normal schedule of vesting.

In case the original options have vested fully with the participant, the adjusted options shall also be deemed to have been vested fully with the participant on the same date on which the original options have vested.

18. Cancelled, Terminated, Forfeited or Surrendered Awards

Any options granted which for any reason are cancelled or forfeited shall again be available for Award under the Plan.

19. Miscellaneous Provisions

19.1 Nothing contained in the Plan shall limit or restrict in any way the Company from making any award or payment to the employees and the Directors under any other Plan.

19.2 Notwithstanding anything contained herein or in any Agreement to the contrary, the Company shall not be required to sell or issue shares if the issuance thereof violates any provision of any law or regulation of any Government authority or SEBI or a Stock Exchange.

19.3 Participation in this Plan shall not be construed as a guarantee of return on the options or the shares purchased in exercise thereof. The risks associated with investment in share are that of the participant's alone.

19.4 Option granted to a participant shall not be transferable to any person. The option granted to the participant shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner , other than by will or by laws of descent and distribution.

19.5 No Guarantee of Employment or Participant.

Nothing in the Plan shall interfere in any way the right of the Company to terminate any Participant's employment at any time, with or without cause, nor confer upon any Participant any right to continue in the employ of the Company. The rights and obligations of any individual, under the terms of his office or employment with the Company shall not be affected by his participation in this Plan. For the purpose of the Plan, transfer of the employment of an employee between the Company and Parent/Subsidiary/ Associate Company shall not be deemed a termination of

employment. No employee shall have a right to be selected as a Participant, or, having been so selected, to receive any future Awards.

19.6 Beneficiary Designation

Each Participant under the Plan may from time to time name any beneficiary or beneficiaries to whom any benefit under the Plan is to be paid or by whom any right under the Plan is to be exercised in case of his death. Each designation will revoke all prior designations by the same participant, shall be in a form prescribed by the Committee, and will be effective only when filed in writing with the Committee. In the absence of any such designation, Awards outstanding at death may be exercised by the Participant's surviving spouse, if any, or otherwise by his estate.

19.7 Tax Withholding

The Company shall have the power to withhold, or require an eligible Participant to remit to the Company, an amount sufficient to satisfy the withholding tax requirements on any Award under the Plan, and the Company may defer issuance of Share until such requirements are satisfied. The Committee may, in its discretion, permit a Participant to elect, subject to such conditions as the Committee shall impose, (i) to have shares otherwise issuable under the Plan withheld by the Company or (ii) to deliver to the Company previously acquired shares, in each case having a Fair Market Value sufficient to satisfy all or part of the Participant's estimated total tax obligation associated with the transaction.

19.8 This Plan shall not confer on any person any legal or equitable right against the Company either directly or indirectly or give rise to any cause of action in law or equity against the Company.

19.9 This plan shall be purely at the discretion of the Company.

19.10 Each person who is and shall be a member of the Compensation Committee, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him in connection with or resulting from any claim, motion, suit or proceedings which he is involved in, by way of the Plan.

20. Legal Constructions

20.1 Gender and Number: Except where indicated by the context, any masculine term used shall include the feminine and the singular shall include the plural or the vice versa.

20.2 Reference to shares shall include shares issued in book entry form as and when the Company issues shares in or converts existing shares to book entry form.

Severability: In the event any provisions of the plan shall be held illegal or invalid for any reason, the legality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

Requirement of Law: The granting of and issuance of the shares under the agreement shall be subject to all applicable laws, rules and regulations and to such approvals by any government agency or SEBI as may be required. No ESOP shall be offered unless the disclosures, as specified in Schedule IV of SEBI Guidelines on risks, are made by the Company to the prospective option grantees.

Agreements with Company: An Award under the Plan shall be subject to such terms and conditions, not consistent with the Plan, as the Committee may, in its sole discretion, prescribe. The terms and conditions of any Award to any Participant shall be reflected in such form of written document as is determined by the Committee or its designee.

Company Intent: The Company intends that the Plan comply in all respects with the SEBI Guidelines on ESOP, 1999 and any subsequent additions/modifications thereto, and any ambiguities or inconsistencies in the construction of the Plan shall be interpreted to give effect to such intention.

Governing Law: The Plan and all agreements hereunder, shall be construed in accordance with and governed by the laws of the Government of India.