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TECH MAHINDRA LIMITED

ESOP - 2014

1. OBJECTIVE

- i) In its continuing efforts to create participative environment, contributing to the growth of employees and as part of the corporate growth plans, TECH MAHINDRA LIMITED formulated a new Employees Stock Option Plan - ESOP 2014.
- ii) Among others, the Plan is primarily aimed at the following:
 - ❖ To reward the Employees for their performance and contribution to the success and growth of Tech Mahindra Ltd.
 - ❖ To attract, retain & motivate the best talent.
 - ❖ To provide an opportunity for the professional partners to become financial partners in growth & success of the Company.
- iii) The Plan shall become effective from the date of its approval by the shareholders of Tech Mahindra Ltd. It shall continue in effect till all the Options granted under the Plan are exercised or have been extinguished, unless the Plan is terminated by the Compensation & Nominations Committee.

2. DEFINITIONS

In this Plan, unless the context otherwise requires

- i) **“Applicable Law”** means law(s) relating to Employee Stock Options, including, without limitation to, the Indian Companies Act, 2013, Securities Exchange Board of India Act, 1992, the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory amendments or re-enactments thereof for the time being in force and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange(s) on which the shares are listed.
- ii) **“Companies Act”** means The Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.

- iii) **"Employee"** means all present and future permanent employee(s) of Tech Mahindra Ltd. and includes permanent employees of subsidiary companies of Tech Mahindra Ltd. and/or such other persons, as may be permitted from time to time, under prevailing laws, rules and regulations and/or amendments thereto from time to time, are eligible to participate in the **ESOP 2014**. All present and future Director(s) of the Company or its subsidiary company, are eligible to participate in the **ESOP 2014**, unless they are prohibited to participate in the **ESOP 2014** under any law or regulations.
- iv) **"Board of Directors"** means the **"Board of Directors of Tech Mahindra Ltd."**.
- v) **"Compensation & Nominations Committee"** means a committee of directors constituted and authorized by the Board of Directors of Tech Mahindra Ltd. comprising of such members of the Board of Directors of the Company as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- vi) **"Eligible Employee"** means an Employee who fulfills the criteria fixed for eligibility as per the evaluation process of Tech Mahindra Ltd.
- vii) **"Exercise"** means the act of making of an application by the Employee to Tech Mahindra Ltd. for issue of share(s) against option(s) vested in him/her in pursuance of the ESOP 2014.
- viii) **"Exercise Period"** means the period after vesting within which the Employee should exercise his/her right to apply for shares against the option(s) vested in him/her in pursuance of ESOP 2014. Such period shall be after 12 months from the date of grant of options to the Employee but within 60 months from the date of vesting of options in the Employee provided the contract of service between the Employee and the Company has not ceased. Options not exercised by Employees within exercise period will lapse.
- ix) **"Exercise Price"** means the price not less than face value of the equity shares as determined by the Compensation & Nominations Committee from time to time in accordance with the applicable statutory rules, regulations, guidelines, laws, notifications and clarifications issued by

Securities and Exchange Board of India (SEBI) or any other statutory authority from time to time as applicable, which shall be paid by the Employee at the time of Exercise.

- x) **"Grant"** means the act of issue of option(s) to Employees under ESOP 2014.
- xi) **"Fair value"** Fair value shall have the same meaning as defined under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended from time to time.
- xii) **"Option"** means an option having a right but not an obligation granted to an Employee in pursuance of ESOP 2014 to apply for shares of the Company at a pre-determined price on fulfillment of certain conditions.
- xiii) **"Plan"** means "Employee Stock Option Plan 2014" of Tech Mahindra Ltd.
- xiv) **"TML"** means "Tech Mahindra Ltd".
- xv) **"Share"** means equity shares and securities convertible into equity shares of Tech Mahindra Ltd.
- xvi) **"Subsidiary Company"** shall have the same meaning as defined under section 2(87) of the Indian Companies Act, 2013 and shall include the foreign subsidiary.
- xvii) **"Option holder"** means the holder of an outstanding Option granted pursuant to ESOP 2014.
- xviii) **"Vesting"** means the process by which the Employee is given the right to apply for shares of Tech Mahindra Ltd. against the Option(s) granted to him/her in pursuance of ESOP 2014.
- xix) **"Vesting period"** means the period after the completion of which the vesting of the Option granted to an Employee in pursuance of the Plan takes place.
- xx) **"Long Leave"** means authorised Leave in excess of 6 months.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Securities and Exchange Board of India Act, 1992 or the Securities Contracts (Regulation) Act, 1956 or the Indian Companies Act, 2013 or the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, or such other relevant and applicable statutory enactments, guidelines, regulations, rules and notifications including any statutory modification or re-enactment thereof, as the case may be.

3. FUNCTIONS OF THE COMPENSATION & NOMINATIONS COMMITTEE

The Compensation & Nominations Committee shall be responsible for administration and superintendence of the ESOP 2014 and shall formulate the detailed terms and conditions of the ESOP 2014 including, but not limited to:

- The exercise price from time to time.
- The date of grant for each or a group of cases.
- Selection of the Employees for the benefits of the ESOP 2014 among the eligible Employees from time to time.
- Finalizing the quantum of Options to be granted to each Employee.
- Determining the vesting and exercise periods.
- Procedure for exercise after vesting within exercise period
- Approval of forms for use under the ESOP 2014
- Clarify, interpret and advise on the terms of the ESOP 2014
- Conditions under which Options vested in Employee may lapse in case of cessation of service for misconduct, termination and resignation or otherwise, non-exercise of Options within the exercise period etc.
 - The procedure for making a fair and reasonable adjustment to the number of Options and to the exercise price in case of rights issue, bonus issues, merger, demerger and other corporate actions including consolidation or split.
 - The grant, vest and exercise of Options in case of Employees who are on long leave.

Notwithstanding anything contained above, the Compensation & Nominations Committee shall also discharge such other functions as may be required for administration and superintendence of ESOP 2014 and shall have power to alter, waive, modify, extend or change the vesting and/or exercise period at its sole discretion subject to 8 (i) clause dealing with minimum vesting period.

The decisions, determinations and interpretations of the Compensation & Nominations Committee shall be final and binding on all Employees and are not subject to review or appeal at the request/demand of Employees.

4. THE ADVISORY COUNCIL AND ITS FUNCTIONS

- i) The 'Advisory Council' shall consist of the Managing Director / CEO, Chief People Officer, and 'Chief Financial Officer' (CFO). The Compensation & Nominations Committee may also nominate such other additional members, if required at its sole discretion. The Advisory Council will study and assess the eligible Employees, based on the guidelines for assessment formulated for this purpose and make recommendations of identified Employees to the Compensation & Nominations Committee.
- ii) Subject to the principles of fairness, impartiality and natural justice, the Advisory Council shall have the full right to select the employees from amongst the list of eligible Employees identified for the benefits of ESOP 2014.
- iii) The recommendations of the Advisory Council shall be submitted to the Compensation & Nominations Committee for its consideration and final decision.
- iv) The Advisory Council can discharge any other functions as and when they are delegated to it by the Compensation & Nominations Committee.

5. QUANTUM OF THE ESOP 2014

- i) The maximum number of Options which will be granted under ESOP 2014 is 4,000,000 or such adjusted figure for any bonus, stock split, consolidations or any other reorganization of the capital structure of the Company, as may be applicable from time to time. The Company reserves the right to issue/earmark further EQUITY SHARES/OPTIONS, at its discretion, for the purposes of the **ESOP 2014**, subject to compliance with the applicable laws.
- ii) The Board or its Committee will allot shares at periodic intervals, after the option holder exercises the options within the exercise period.

- iii) The quantum and the exercise price of the ESOP 2014 can be suitably adjusted based on fair and reasonable grounds in case of rights issue, bonus issue, merger, demerger or any other corporate actions including consolidation or split.
- iv) In case of Option(s) expiring or becoming unexercisable for reasons of non-fulfillment of conditions of ESOP 2014 without the right of purchase being exercised, such Option(s) shall be available for future grant or sale under ESOP 2014 unless the Plan has been terminated. The Shares that are already issued on exercise of right cannot be returned to the ESOP 2014 and shall not be available for future grant or sale.

6. BASIS OF SELECTION OF ELIGIBLE EMPLOYEES

- i) Basis of selection of eligible Employees shall be as per the guidelines framed and approved by the Compensation & Nominations Committee from time to time.
- ii) An employee who is a promoter or belongs to the promoter group shall not be eligible to participate in the ESOP 2014.
- iii) A director who either by himself/herself or through his relative or through anybody corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company shall not be eligible to participate in the ESOP 2014.
- iv) The factors to be considered for assessment of Employees for selection shall be:
 - Employees in key functional area;
 - Past Service / Performance;
 - Current performance evaluation;
 - Expected future performance / contribution;

The above criteria are only illustrative and not exhaustive. The decision of the Compensation & Nominations Committee regarding grant of options shall be final.
- v) The Compensation & Nominations Committee shall have power to add or delete the factors from time to time at its sole discretion.
- vi) The Compensation & Nominations Committee reserves the right to factor different parameters and different weights for different categories of the Employees.
- vii) The Advisory Council shall recommend the quantum of eligibility for different categories of Employees on the basis of identified parameters and process.
- viii) The Advisory Council can also recommend Employees for awards for exceptional performance and/or contribution for the organizational

growth for consideration by the Compensation & Nominations Committee.

- ix) The Advisory Council can also recommend new Employees joining Tech Mahindra Ltd. to the benefits of the Plan.
- x) The Advisory Council shall seek the guidance and clarifications if any, required, from the Compensation & Nominations Committee in implementing the assessment procedure.

7. GRANT OF OPTIONS

- i) The Compensation & Nominations Committee may, on such dates as it may determine, grant to such eligible Employees, at its absolute discretion Options under the Plan on such terms and conditions and for the consideration as it may decide. The Compensation & Nominations Committee may consider the recommendations of the Advisory Council, while it reserves its right to reject the recommendations of the Advisory Council in part or in full.
- ii) The date of grant of an Option, shall, for all purposes, be the date on which the Compensation & Nominations Committee makes the determinations of granting such option(s), or such other date as is determined by the Compensation & Nominations Committee. Intimation of determination shall be given to each Employee to whom an Option is so granted within a reasonable time after the date of such grant.
- iii) The intimation of grant of Options shall indicate the number of Options granted, name of the Employee who was granted the Options, exercise price, vesting schedule and the exercise period, along with main terms and conditions of the grant.
- iv) The intimation of grant of Options shall also include the term of each Option, subject to the condition that the term shall be no more than 5 Years from the date of vesting thereof.
- v) The maximum number of Options per Employee shall not exceed 10% in any financial year and 25% in aggregate, of the total number of Options reserved under the Plan. Further allotment of shares to an Employee during any one year exceeding 1% of the issued capital at the time of allotment of shares shall be subject to a separate resolution.

8. LOCK-IN PERIOD AND RIGHTS OF THE OPTION HOLDER

- i) There shall be a minimum period of one year between the grant of Options and vesting of Options. The vesting schedule under this plan shall be as under:

- First tranche 15% from the expiry of 1 year from the grant date;
 - Second tranche 20% from the expiry of 2 years from the grant date;
 - Third tranche 30% from the expiry of 3 years from the grant date;
 - Fourth tranche 35% from the expiry of 4 years from the grant date;
- ii) The Compensation & Nominations Committee shall have the freedom to specify the lock-in period for the shares issued pursuant to exercise of Options.
- iii) The Employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Option granted to him/her, unless and until shares are allotted on exercise of Option(s).

9. OPTION EXERCISE PRICE

- i) The exercise price for shares to be issued on exercise of Options shall be not less than face value of the equity shares of the Company or such other price as may be decided by the Compensation & Nominations Committee at the time of grant. The mode of payment can be by way of (i) cheque (ii) demand draft (iii) electronic transfer of funds (iv) consideration received by the Company under a cashless exercise program, if any or (v) combination of above modes.
- ii) The exercise price shall be subject to fair and reasonable adjustment in case of rights issues, bonus issues, merger, demerger and other corporate actions. The Compensation & Nominations Committee shall be the authority to decide upon such matters conforming to the relevant provision(s) in the Applicable Laws.

10. EXERCISE OF OPTIONS

- i) Employees opting for exercise can apply for conversion of Options into Shares in the form prescribed for the purpose, along with full payment for the shares with respect to which the Option grant is being exercised.
- ii) Exercise of Options cannot be for a fraction of a share.
- iii) Employees may at their discretion, opt for exercise after the expiry of vesting period, but within the exercise period of all or part of the Options granted to him/her.

- iv) Employees who do not want to avail ESOP 2014, may opt out of the Plan any time before exercise period and surrender the Options to Tech Mahindra Ltd. for cancellation. Such Options will be available for re-issuance under the ESOP 2014.
- v) In the event of the Employee dying while in employment of the Company, all the Options granted to him/her till such date shall vest in the legal heirs or nominees of the deceased Employee on the date of death. Such vested Options shall be exercisable within a period of 5 years from the date of death of the Employee. Options not exercised within such period will become invalid in the hands of the legal heirs or nominees and shall be available for re-issuance under the Plan.
- vi) In case the Employee suffers a permanent total disability while in employment, all the Options granted to him as on the date of permanent total disability, shall vest in him on that day. Such vested Options shall be exercisable within five years from date of disablement, but not earlier to ONE YEAR from the date of grant. Options not exercised within such period will become invalid and shall be available for re-issuance under the Plan.
- vii) In the event of resignation or termination of the Employee, all Options not vested as on the date of separation (i.e. the last working day) shall expire and be available for re-issuance under the Plan. However, the Employee shall be entitled to retain all the vested Options as on the date of separation. Such vested Options shall be exercisable within six (6) months from the date of separation. Options not exercised within such period shall expire and be available for re-issuance under the Plan.

In the event of abandonment of service (absconding) by an Employee without the Company's consent, all Options including those, which are vested but were not exercised at the time of abandonment of service, shall stand terminated with immediate effect. The date of abandonment of an Employee shall be decided by the Company at its sole discretion which, decision shall be binding on all concerned. At a later date, if the Company accepts resignation of an Employee who had previously absconded from / abandoned the Company's service, any previous decision to terminate all vested and unvested options of such Employee as a consequence will remain unaffected and not confer any rights under the Plan.

In the event of Misconduct or breach of the policies of the company or the terms of employment by the Employee, during the term of his/her employment and thereafter for a period of one year, the Advisory Council is authorized for appropriate decision from time to time.

- viii) In the event of superannuation/retirement as per the policy of the Company, all the Options granted as on the date of retirement would continue to vest in accordance with the respective vesting schedules even after retirement or superannuation. If at the discretion of the management, the date of superannuation / retirement has been extended, the last date of extended superannuation shall be considered as superannuation / retirement date. In case of death of a superannuated or retired Employee (whether superannuated at the age prescribed as per company policy or extended period of superannuation), the right of exercise of Options shall vest in the nominees / legal heirs and the other terms and conditions shall remain the same. Options not exercised within such period become invalid in the hands of legal heirs or nominees and shall be available for reissuance under the Plan.
- ix) In the case of transfer of Employees to subsidiaries, the vesting and exercise of Options shall continue and all other terms and conditions of this Plan shall remain the same.
- x) Where an employee has been granted a Long Leave, the employee may be entitled to retain any or all the Options granted to him whether those Options have vested or not at the time of going on Long Leave and exercise the Option in accordance with this Scheme only on resumption of office and at the sole discretion of the Compensation & Nominations Committee whose decision shall be final and binding.

Provided however that the vesting of the Options will be subject to the fulfillment by the employee of the terms and conditions prescribed by the company or in force at the time of granting the Long Leave and if the employee fails to fulfill the prescribed terms and conditions, then all the Options which have not been exercised, whether vested in him or not, shall lapse.

11. SHARES AFTER EXERCISE

- i) Subject to completion of the exercise process, shares will be allotted and issued in the name of the Employee in compliance with applicable laws, rules, regulations, guidelines, circulars, notifications or such other requirements, as may be necessary in this regard. The inability of the Company to obtain approval from any statutory and/or regulatory body having jurisdiction, which approval is necessary to the lawful allotment and issuance of any shares hereunder, shall relieve the Company of any liability (whatsoever in nature) in respect of the failure to allot and issue such shares without prejudice to rights of the Company in the contract of employment.

- ii) The shares thus allotted and issued, shall be the absolute property of the Employee and will be held by the Employee, subject to the lock-in period and subject to lien favoring Tech Mahindra Ltd. for any statutory or other liability that may arise out of the Plan.
- iii) As a registered shareholder, the Employee will be entitled to all the benefits, such as dividends, bonus, rights, etc.
- iv) The shares allotted and issued upon exercise of Options shall rank pari passu with all other equity shares of Tech Mahindra Ltd. for the time being in force; from the date of allotment.

12. NON TRANSFERABILITY OF OPTIONS

- i) Options granted to an Employee shall not be transferable to any person.
- ii) Except in the case of death of the Employee, no person other than the Employee to whom the Option(s) is/are granted shall be entitled to exercise the Option(s).
- iii) Under the cashless system of exercise, Tech Mahindra Ltd. may itself fund or permit the empanelled service provider(s) to fund the payment of exercise price, subject to the provisions of the Companies Act, 2013 as amended from time to time and other Applicable Laws.
- iv) The Options granted to the Employee shall not be pledged hypothecated, mortgaged or otherwise alienated in any other manner.

13. LISTING OF SHARES

The shares allotted to Employees on exercise shall be listed on the concerned stock exchanges subject to the terms and conditions of the Applicable Laws, listing agreement and other applicable regulatory requirements.

14. TAX LIABILITY

Any tax liability, within or outside India, on account of grant of Options / vesting / exercise of Options/ allotment and/or transfer of shares shall be that of the Employee alone. The employer will be entitled to recover the tax liability before allotment of Shares on exercise of options.

The Company shall notwithstanding anything contained in this Plan or any other agreement or scheme for granting of Options to the Employee concerned, have

the right to recover from such Employee (including former Employee) an amount equivalent to any tax, cess, levy or assessment, by whatever name called including, without limitation, perquisite tax, levied upon or payable whether by the Company or by the employer of such Eligible Employee as the case may be, in respect of or in relation to such Options.

Accordingly, the Employees would accept the Options and exercise them subject to the applicable tax provisions from time to time.

15. MODIFICATIONS TO THE PLAN

i) The Compensation & Nominations Committee reserves the right to amend, alter, suspend or terminate the Plan provided the variation is not prejudicial to the interests of the ESOP 2014 option holder(s), subject to the approval of the board of directors and Shareholders of the Company.

ii) The changes in terms and conditions as per clause 15 (i) can also be due to any change in the law applicable to the Plan or any mutual agreement between Tech Mahindra Ltd. and its Employees.

16. CONTRACT OF EMPLOYMENT

- i) This Plan shall not form part of any contract of employment between Tech Mahindra Ltd. and the Employee. The rights and obligations of any individual under the contract of employment shall not be affected by his participation in this Plan or any right, which he may have to participate in it.
- ii) Nothing in this Plan shall afford any Employee any additional right(s) as to compensation or damages in consequence of the termination of such office or employment for any reason.
- iii) This Plan shall not confer any Employee any legal or equitable right against Tech Mahindra Ltd. either directly or indirectly or give rise to any cause of action in law or equity against Tech Mahindra Ltd.

17. GOVERNMENT REGULATIONS

- i) This Plan is subject to all applicable laws, rules, regulations, guidelines and to such approvals from any governmental agencies as may be required. In case of any contradiction between the provisions of this Plan and any provisions, rules, regulations, guidelines issued by any governmental agencies, the provisions of law shall override the provisions of this Plan.

- ii) The Employees who are granted Options under the Plan shall comply with such requirements of law(s) as may be necessary.

18. CONFIDENTIALITY

No Employee who holds any Options under the Plan shall disclose the details of the Plan and / or his/her holdings, to any person, except with the prior permission of the Company.

19. GENERAL RISKS

Tech Mahindra Ltd. does not guarantee any return on the equity investment made by Employees as part of the Plan. Any loss due to fluctuations in the market price of the equity including the shortfall in the expectations or projections and the risks associated with the investment are that of the Employee alone.

20. ACCOUNTING POLICY

The Company shall conform to the accounting policies specified in the Applicable Laws or such other guidelines which may be prescribed.

21. ARBITRATION

All disputes and claims in relation to this Plan shall be referred to arbitration in accordance with the Arbitration & Conciliation Act, 1996, which shall be conducted at Mumbai.
