



CTEL ESOP - 2006

**CAMBRIDGE TECHNOLOGY ENTERPRISES LIMITED
EMPLOYEES STOCK OPTION PLAN 2006**

This Scheme will be known as "CTEL ESOP – 2006". This Scheme was approved by the Board of Directors in their meeting held on 20th April 2006 and shareholders on 21.04.2006, amended and ratified pursuant to Postal Ballot notice dated 28th January 2008 and further amended pursuant to the resolution passed at 16th AGM of the Company dated 07.09.2015. The Company has structured **CTEL ESOP - 2006** for granting Stock Options to its employees under the said Scheme. The Authorized Share Capital and issued Share Capital as on the date of amendment of this Scheme is Rs. 300,000,000 & Rs. 196,310,150 respectively.

The salient features of this CTEL ESOP – 2006 are as under:

Definitions:

- I. **"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.
- II. **"Board"** means the Board of Directors of the Company.
- III. **"Companies Act"** means The Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- IV. **"Company"** means Cambridge Technology Enterprises Ltd or any of the company's subsidiaries.
- V. **"Director"** means a member of the Board of the Company.
- VI. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Board for granting the Employee Stock Options to the employees.
- VIII. **"Employee"** shall have the same meaning assigned to it under Clause 2(1)(f) of the SEBI (share Based Employee Benefits) Regulations, 2014 as amended from time to time
- VIII. **"Employee Stock Option" or "Option"** means the option granted to an Employee, which gives such Employee the right to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- IX. **"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 CTEL ESOP - 2006, in accordance with the procedure laid down by the company for exercise of options.
- X. **"Exercise Period"** means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the CTEL ESOP - 2006.
- XI. **"Exercise Price/Strike Price"** means the price payable by an Employee in order to exercise the Option granted to him in pursuance of the CTEL ESOP - 2006.
- XII. **"Grant"** means issue of Options to the Employees under the CTEL ESOP - 2006.
- XIV. **"Option Grantee or Optionee"** means an Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of the CTEL ESOP - 2006.

XV. **"Parent company"** means Cambridge Technology Enterprises Limited (CTEL) or any future holding company of the Company.

XVII. **"Promoter"** shall have the same meaning assigned to it under the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 as amended from time to time.

XVIII. **"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;

XX. **"Retirement"** means retirement as per the rules of the Company.

XXI. **"Scheme / Plan / ESOP 2006"** means this Employee Stock Option Plan 2006 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 CTEL ESOP - 2006.

XXIII. **"Subsidiary company"** means any present or future subsidiary company of the Company, as defined in the Companies Act, 2013.

XXIV. **"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 CTEL ESOP - 2006.

XXV. **"Vesting Period"** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the CTEL ESOP - 2006 takes place.

XXVI. **"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.

XXVII. **"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.

XXVIII. **"Committee"** means the ESOP Committee/Compensation Committee/Nomination & Remuneration Committee formed by the Board of Directors to administer and supervise this scheme, consisting of such members as may be required under applicable law(s) from time to time.

XXIX. **"SEBI Regulations"** means the Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, issued by the Securities Exchange Board of India under the Securities Exchange Board of India Act, 1992 and shall include any alterations, amendments, additions, deletions, modifications or variations thereof from time to time.

XXX. **"Trust"** shall mean "Cambridge Technology Enterprises Trust", a trust set – up by the Company for implementing the CTEL ESOP - 2006 for the benefit of the employees of the Company.

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.

For the terms or clauses not defined in this Scheme, SEBI Regulations shall apply accordingly.

Terms and conditions governing issue of Stock Options:

i. The number of Stock Options is based on the following criteria:

- a. Number of years of experience in the Company.
- b. Seniority in the Organizational structure of the Company.
- c. The performance of the individual in past year.

The Board of Directors has resolved to issue to employees under CTEL ESOP 2 - 2006, 15,00,000 Employee Stock Options exercisable into equity shares of a face value of Rs. 10 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. The maximum number of options to be granted per employee/director during any one year shall not exceed 1% of the issued capital (excluding warrants and conversions) at the time of grant of options except with the express approval of the shareholders and in aggregate shall not exceed 5% of the paid up equity capital of the company.

In case of any corporate action(s) such as rights issues, bonus issues, merger, sale of division and others, if any additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 15,00,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued. If the revised face value of the equity shares is less or more than the current face value as prevailing on the date of adoption of this Scheme, the maximum number of shares available for being granted under CTEL ESOP - 2006 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value prior to such corporate action remains unchanged after such corporate action.

Only Employees as defined under the head definitions are eligible for being granted Employee Stock options under CTEL ESOP – 2006.

ii. Forty percent (40%) of the options allotted under the scheme carry one year vesting period, thirty percent (30%) of the options allotted have a two year vesting period and the balance thirty percent (30%) carry three year vesting period. Options granted under CTEL ESOP – 2006 would vest not less than one year from the date of grant of options.

iii. The management of the Company after reviewing the performance of the employees may recommend to the Committee to reduce the vesting period of 2nd and 3rd year shares at their sole discretion. The decision of the Committee shall be final and binding in this regard.

iii(a). Notwithstanding anything contained in anything contained in the Scheme the Committee may grant 100 % Options with one year vesting period.

iv. The strike price of the options for the employees is Rs. 20/- (comprising of face value of Rs. 10/- and a premium of Rs. 10/- per share). The strike price is payable at the time of exercise of options.

v. Exercise Period: The employee is free to exercise the options any time after the vesting period.

vi. Lock – in period Vs. Exercise of Options: A lock - in period of one year shall run concurrently with the vesting period. The options can be exercised anytime after the vesting period during the period of employment. However, the shares allotted are subject to the lock – in regulations prescribed under the from time to time.

vii. An Employee can exercise vested options at one time or various points of time within the exercise period.

viii. Lapse of options occurrence of certain events: In the event of resignation/ superannuation/ termination of employment other than in case of termination due to misconduct, the employee should exercise the options granted to him/ her within 180 days from the date of resignation/ superannuation/ termination of employment by paying the strike price mentioned in the grant/ offer letter. On receipt of the strike price, the respective shares would be transferred to the employee.

In the event of death of the employee while in employment, the successor/ immediate legal heir of the deceased shall have the right to exercise the options within the validity period of 90 days from the date of occurrence of the event.

viii(a). 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 or misconduct, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such breach or misconduct shall stand terminated with effect from the date of such breach or misconduct; the date of such breach shall be determined by the Committee, and its decision on this issue shall be binding and final on all concerned.

Viii(b) Long leave of an Option Grantee up to three months shall not have any effect on the CTEL ESOP - 2006 as applicable to him/her. However for long leave of such person beyond three months, 50% of the unvested options which they are eligible to receive shall lapse. . The exercise period of Option Grantee who are on long leave shall be as per the original exercise period as per the scheme or six months from the date of joining of duty whichever is later. Granting of the options to the employees is absolute discretion of the Committee subject to the conditions contained in this scheme.

The above restrictions mentioned in the immediate above para shall not apply for the period of statutory leaves availed by such employees for maternity under the applicable laws. However in case the exercise period of such employees as per the scheme ends during the such statutory leave period, then such employees can exercise can exercise the same within six months from the date of joining the duties after such statutory leave.

ix. Please note that no other or alternative compensation shall be offered or paid in the event of your not opting for the options granted herein.

x. Applicability of general terms & conditions: This letter of offer/ grant will be governed by all the general terms and conditions of the Employee Stock Option Scheme as may be framed and made applicable from time to time.

xi. Method of Exercise: This option is exercisable by delivery of an Exercise Notice, which shall state the election to exercise the option, the number of equity shares in respect of which the option is being exercised and such other representations and agreements as may be prescribed by the Committee / Board from time to time pursuant to the provisions of the Scheme. The Exercise notice shall be completed by the Optionee and delivered to Cambridge Technology Enterprises Trust ("CTE Trust"). The Exercise Notice shall be accompanied by payment of the appropriate Exercise price i.e., number of shares vested and exercised multiplied by the strike price of Rs. 20/-. This option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such Exercise price.

The Exercise price shall be paid either in cash or cheque drawn in favor of "**Cambridge Technology Enterprises Trust**". Payment of Exercise price in the form of cheque is subject to realization and confirmation of credit by the banker. On receipt of the Exercise Notice coupled with realization of Exercise price proceeds, the Committee would recommend the transfer of shares from the CTE Trust to the respective employee(s). Thereafter, the shares would be transferred to the respective employee(s) subject to the approval of Committee

This Employee Stock Option Scheme is administered by the Trustees of CTE Trust under the directives of the committee, which determines the terms and conditions of the options granted/ vested.

Xii. Other terms & conditions:

- a. No amount is payable by the Option grantee at the time of grant of options.
- b. The applicable Income Tax Laws and Rules as in force will be applicable.
- c. The Board may, if it deems necessary, vary the terms of CTEL ESOP - 2006, at any time, subject to approval of shareholders and the applicable laws in force.

The company shall be entitled to vary the terms of the schemes to meet any regulatory requirements.

- d. The Employees are free to surrender their options voluntarily, whether vested or not, if in their opinion, the options granted are not beneficial to them, even before the expiry of their exercise period.
- e. All the options that are lapsed/surrendered/cancelled/forfeited shall be available for re-issue to the Committee.
- f. In case of winding up of the CTEL ESOP - 2006, if being implemented by a company through trust, the excess monies or shares remaining with the trust after meeting all the obligations, if any, shall be utilized for repayment of loan or by way of distribution to employees as recommended by the committee.
- g. Transfer or movement of Option Grantee from the Company to the Subsidiary or Associate Companies or resignation of Option Grantee from the Company and joining of such Option Grantee in the Subsidiary or Associate Company shall not have any effect on the CTEL ESOP Scheme 2 - 2008 as applicable to him/her. The terms and conditions of CTEL ESOP Scheme 2 - 2008 shall be applicable to such participant as if he is an employee of the Company itself.
- h. The Company reserves the right to carry forward the lapsed, unexercised and forfeited options to a new scheme.
- i. This CTEL ESOP - 2006 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this CTEL ESOP - 2006 shall also be subject to the Company requiring Employees to comply with all applicable Laws.

j. The terms and conditions of the CTEL ESOP - 2006 shall be governed by and construed in accordance with the laws of India.

k. The Scheme is effective from 21.04.2006 and it shall continue to be in force until its termination by the Board in accordance with applicable laws.