

TEJAS EMPLOYEE STOCK OPTION PLAN 2014

Tejas Networks Limited (the “**Company**”) is engaged in the business of research, design, development, manufacturing and selling networking equipment. The Company has a team of competent professionals of high caliber who have a track record of delivering high quality solutions.

Objectives:

The Company is currently pursuing a high growth path. Combined with strategic visions of the core team and a balanced work force, the Company is seeking to establish itself as a preeminent player in the networking equipment field.

The Company fully recognizes that to achieve this, contribution from Employees is significant and critical. It is proposed to introduce an ESOP Plan to recognize and reward key Employees who would play an important role in the future of the Company.

It is expected that this ESOP Plan would provide incentive and motivate the Employees to catapult the Company in a high growth trajectory thereby increasing and improving the value of their own holding.

Thus, it has been proposed to introduce an ESOP Plan titled “**Tejas Networks Limited Employee Stock Option Plan – 2014**” (the “**ESOP Plan**”).

The other key objectives are:

- to attract and retain the best available personnel for positions of substantial responsibility;
- motivate Employees to perform better and achieve a greater value for their shareholding in the Company;
- reward performing Employees with additional stock options;
- encourage Employees to participate in the growth of the Company;
- to promote the success of the Company’s business.

MAIN FEATURES OF THE ESOP PLAN

- a) Options are given to identify performing Employees of the Company as well as new Employees;
- b) Option entitlements are determined on the basis of various parameters as laid down by the Board;
- c) The Compensation Committee shall have the requisite authority for implementation of the ESOP Plan in accordance with the directions of the Board;
- d) Options are structured in such a manner that the Employee is entitled for cascading benefits and also for rewarding past performance.

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ESOP PLAN STRUCTURE – MAIN GUIDELINES GOVERNING ESOP PLAN

1. DEFINITIONS

- 1.1. **“Board”** means the duly constituted Board of Directors of the Company in accordance with the Articles of Association of the Company for the time being in force and subject to the applicable provisions of the Companies Act 2013, and as may be constituted / reconstituted in such manner from time to time.
- 1.2. **“Beneficiary”** means any beneficiary or beneficiaries nominated, from time to time, by each Employee under the ESOP Plan to whom any benefit under the ESOP Plan is to be delivered in case of his or her death before he or she receives all of such benefit.
- 1.3. **“Closing Date”** means the last date on which the Grantee can accept & communicate to the Company the acceptance of the Options Granted to the Grantee.
- 1.4. **“Company”** for the purposes of this ESOP Plan shall mean Tejas Networks Limited.
- 1.5. **“Compensation Committee”** is a committee constituted by the Board and its objectives among others includes the administration, implementation and superintendence of the ESOP Plan of the Company in accordance with the ESOP Guidelines.
- 1.6. **“Effective Date”** of the ESOP Plan shall be September 24, 2014.
- 1.7. **“Eligible Employee”** means an Employee eligible for Grant of Options under clause 2 of this ESOP Plan.
- 1.8. **“Employee(s)”** means:
 - (a) a permanent employee of the company working in India or out of India; or
 - (b) a director of the company, whether a whole time director or not but excluding an independent director; or;
 - (c) An employee as defined above in sub clauses (a) and (b) of the Company's Subsidiary/ Holding Company in India or outside India.
- 1.9. **“ESOP Plan”** shall mean the Company Employee Stock Option Plan-2014 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time.
- 1.10. **“ESOP Guidelines”** means provisions and Rules relating to Employee Stock Option Scheme prescribed in the Companies Act, 2013 and the Securities and Exchange Board of India (Share Based Employment Benefits) Regulations, 2014.
- 1.11. **“Exercise”** means making of an application by the Employee to the Company for issue of Shares against Option(s) Vested in him in pursuance of this ESOP Plan.
- 1.12. **“Exercise Date”** means the date on which the Employee Exercises his Vested Options and in case of partial Exercise, shall mean each date on which the Employee Exercises part of his Vested Options.



- 1.13. **“Exercise Period”** means the time period after Vesting within which the Employee should Exercise his right to apply for Shares against the Option(s) Vested in him in pursuance of the ESOP Plan.
- 1.14. **“Exercise Price”** means the price payable by the Employee for Exercising the Option Granted to him in pursuance of ESOP Plan.
- 1.15. **“Grant”** means issue of Option to Employees under this ESOP Plan.
- 1.16. **“Grant Date”** means the date on which a Grant is made to an Employee.
- 1.17. **“Individual Grant Notices”** means the Grant Notices issued to Employees setting out the terms and conditions of issue of Options, Vesting Period, Exercise procedure and such other terms as may be necessary.
- 1.18. **“Law”** means any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, government approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any governmental authority having jurisdiction over the matter in question, whether in effect as of the date of this ESOP Plan or thereafter.
- 1.19. **“Option”** means a right but not an obligation Granted to an Employee in pursuance of the ESOP Plan to apply for Shares of the Company at the Exercise Price, in accordance with the ESOP Plan.
- 1.20. **“Optionee”** means the holder of an outstanding Option granted pursuant to this ESOP Plan.
- 1.21. **“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.
- 1.22. **“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 is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of the Company.
- 1.23. **“Share”** means equity shares and securities convertible into equity shares and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs), or other depository receipts representing underlying equity shares or securities convertible into equity shares.
- 1.24. **“Shareholder”** means the registered holder of a Share in the share capital of the Company.
- 1.25. **“Stock Option Agreement”** means an agreement entered into between the Company and the Employee as specified under clause 6 of this ESOP Plan.

- 1.26. **“Tejas Employees Welfare Trust”** means the trust set up by the Company for various purposes and among others including facilitating / assisting in the issue of Options / Shares under the ESOP Plan and such other work as directed by the Board from time to time in accordance with the provisions of the ESOP Guidelines.
- 1.27. **“Termination Date”** means the date of termination of employment by the Employee with the Company.
- 1.28. **“Unvested Option”** means an Option, which is not a Vested Option.
- 1.29. **“Vesting”** means the process by which the Employee is given the right to apply for Shares of the Company against the Option Granted to him in pursuance of the ESOP Plan and as per the terms specified in the Individual Grant Notices.
- 1.30. **“Vesting Date”** means the date on and from which the Option Vests with the Employee and thereby becomes Exercisable.
- 1.31. **“Vesting Period”** means the period during which the Vesting of the Option Granted to the Employee in pursuance of the ESOP Plan takes place.
- 1.32. **“Vested Option”** means an Option, which has Vested under sub-heading “Vesting of Option” with the Employee and has thereby become Exercisable.

2. ELIGIBILITY

- 2.1. All Employees are eligible for participation in the ESOP Plan. The Compensation Committee shall periodically recommend the names of Employees for the purposes of Granting Options under the ESOP Plan of the Company. This shall be based on the performance of the person, future potential of the person, criticality of his job towards Company's success and their tenure of Employment in the Company.
- 2.2. The following persons shall not be eligible to participate in the ESOP Plan:

Promoter(s); or

- Belonging to the Promoter Group; or
- A director who either by himself or through his relative or through anybody corporate, directly or indirectly, holds more than 10 percent of the outstanding equity shares of the Company.
- An Independent Director

[“Note: For clarification of doubt, “Independent Director” shall have the meaning assigned to it under regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015”]

3. COMPENSATION COMMITTEE

- 3.1. The Board has formed a Compensation Committee; such committee constitutes members who were nominated by the Board in accordance with the ESOP Guidelines. The Compensation Committee shall be responsible for the administration and the

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superintendence of the ESOP Plan. The Compensation Committee shall consist of a majority of Independent Directors.

3.2. The terms of reference of the Compensation Committee shall include:

- a) The quantum of Option to be Granted per Employee and in aggregate;
- b) The conditions under which Options Vested in Employees may lapse, such as in the case of termination of employment for misconduct in accordance with the policies laid down by the Company in this regard;
- c) The Vesting schedule specifying how the Options would Vest in respect of the Employees.
- d) The Exercise Period within which the Employee should Exercise the Option and that Option would lapse on failure to Exercise the Option within the Exercise Period;
- e) The specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of any Employee;
- f) 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;
- g) The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price, including in situations such as rights issues, bonus issues and other corporate actions;

In this regard following shall be taken into consideration by the Compensation Committee:

- (i) the number and the price of the Options shall be adjusted in a manner such that total value of the Options remains the same after the 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 options shall be left unaltered as far as possible to protect the rights of the option holders;
- h) Accelerating the Vesting schedule including but not limited to any change of control of the Company For the purpose of this clause, Change of Control shall mean (i) a merger, acquisition, sale of voting control or other business combination such that the current shareholders of the Company prior to such transaction do not hold more than 50% of the voting power of the acquiring or surviving corporation.
 - i) any alterations, modification and such other actions or decisions that may be required for complying with the applicable law;
 - j) The Grant, Vest and Exercise of Option in case of Employees who are on long leave; and
 - k) Procedure of cashless exercise of options.
 - l) Increase or decrease the terms with regard to vesting as well as exercising Options.

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- 3.3. All decisions made by the Compensation Committee in the matter referred to above shall be conclusive and binding on all parties concerned (including, but not limited to, Employee and/ or Employees and their beneficiaries or successors). Neither the Company, nor the Compensation Committee shall be liable for any action or determination made in good faith with respect to the ESOP Plan or any Option Granted there under.
- 3.4. The Board of Directors shall frame suitable policies to ensure that there is no violation of the provisions and Rules relating to Employee Stock Option Scheme prescribed in the Companies Act, 2013.

4. ESOP SIZE

- 4.1. This ESOP Plan would be for a total of 71,01,767 Shares of Rs. 10/- each, available for Grant to the Eligible Employees, as determined by the Board / Compensation Committee. The shares under this ESOP Plan may be allotted on behalf of the employees of the Company directly through the Company or to the Tejas Employees Welfare Trust
- 4.2. This ESOP Plan would be called “Tejas Employee Stock Option Plan – 2014” and any ESOP Plans that may be formulated at subsequent dates would be called “the ESOP Plan (*year of operation*)”. This ESOP Plan would be for the stated quantity of Shares that would be allotted to the present Employees / future Employees of the Company / its subsidiary companies.

5. ESOP PRICING

- 5.1. Each Option issued by the Company to the Employees, would be eligible for allotment into One Share of the Company by payment of the Exercise Price.
- 5.2. The Exercise Price shall be determined by the Compensation Committee subject to compliance with the provisions of the ESOP Guidelines.

6. GRANT OF OPTIONS

- 6.1. The Option distribution would be done in accordance with the recommendations of the Compensation Committee to the present / future Employees of the Company / its subsidiary Companies.
- 6.2. The Options would be issued either directly by the Company or through Tejas Employees Welfare Trust in accordance with the provisions of the ESOP Guidelines. In case the ESOP Plan is administered through the Tejas Employees Welfare Trust, the accounts of the Company shall be prepared as if the Company itself is administering the ESOP Plan.
- 6.3. Eligible Employees of the Company would be Granted an Option in pursuance of the ESOP Plan to apply for Shares of the Company at the Exercise Price. Employees would be issued Grant Notices and may enter into an agreement (“**Stock Option Agreement**”) stating, amongst other matters, the following:

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- The quantum of Option offered to the Employee under the ESOP Plan
 - The Vesting Period and the terms of Vesting
 - The Exercise procedure and the Exercise Price
 - The terms and conditions of the Options
 - Cessation of service
 - Rights as option holder
- 6.4. The Grant of the Options by the Compensation Committee to the Employee shall be made in writing and communicated to the Employee by way of the Individual Grant Notice. Such a Grant shall state the number of Options Granted, the Exercise Price and the Closing Date of accepting the Grant.
- 6.5. The Closing Date shall not be more than 60 (Sixty) days from the Grant Date.
- 6.6. A Grant made to an Employee, is personal to the Employee and cannot be transferred in any manner whatsoever except as provided under this ESOP Plan.
- 6.7. Any Employee who wishes to accept the Grant made, must signify his acceptance on the Individual Grant Notice, duly completed as required therein to the Compensation Committee on or before the Closing Date stated in the Individual Grant Notices. Any Employee who fails to communicate his / her acceptance before the Closing Date, is deemed to have accepted the Grant.

7. VESTING OF OPTIONS

- 7.1. There shall be a minimum period of one year between the grant of Option and the Vesting of Option. In the case of new employee, the minimum period of one year shall be reckoned from the date of joining.
- 7.2. Upon the Employee continuing in the employment of the Company and upon compliance with the terms of this ESOP Plan, the Options Granted by the Company on the recommendations of the Compensation Committee would Vest with the Employees over the Vesting Period set out in the Grant Notice.
- 7.3. The Compensation Committee may also prescribe a different Vesting schedule for different Employees based on reasons to be recorded in writing in accordance with the ESOP Guidelines. Such Vesting schedule shall be as specified in the Individual Grant Notices issued to the Employees.
- 7.4. Unless otherwise decided by the Compensation Committee, 25% of Grant will vest after 12 months from the date of Grant, and the balance thereafter will vest at the rate of 6.25% per quarter.

8. EXERCISE PERIOD

- 8.1. The Exercise Period of the Option will commence from the Vesting Date as indicated above and expires upon the earliest of the following:

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- a) Not later than 15 years from the date of Vesting of Options, provided the Optionee continues to be employed by the Company; unless such period is further extended by the Compensation Committee.
- b) In the case of cessation of the continuous service of the Employee due to resignation of employment for reasons of normal retirement or an early retirement specifically approved by the Company – prior to the date of retirement or resignation (all such Options shall lapse on the date of retirement).
- c) In the event of resignation of the Employee other than by way of retirement as mentioned in (b) above – prior to the date of cessation of employment of the Employee (all such Options shall lapse on the date of cessation of employment).
- d) In case of death or permanent disability of the Employee, the Options can be Exercised by the Beneficiary of the Employee - within 5 days of such event or such other period as may be decided by the Board.
- e) Such lesser period as may be decided by the Compensation Committee in accordance with the provisions of the ESOP Guidelines.

9. EXERCISE OF AN OPTION

- 9.1. Vested Options can be Exercised only by the Employee in whom the Options have been vested.
- 9.2. The Employee in whom an Option is Vested would make an application to the Company for issue of Shares against the Option Vested in him. This application should be made after the Vesting Date within the Exercise Period. Vested Options can be Exercised in part or whole, provided however that all Exercise shall be made for share in multiples of whole integers [greater than 1 (one) and not for fractional shares viz. less than 1 (one)]. The Vested Options not Exercised, will continue to be available to the Optionee or the Beneficiary nominated by the Optionee, for Exercise, in case of specified circumstances such as death, disability, etc. upto such time frame as provided for in the ESOP Plan. All stock options shall be rounded down to the nearest 1(one) share.

9.3. Capitalization by way of issue of Bonus Shares

All the Options including those which are Vested but were not Exercised and / or, as well as the price per Share covered by each outstanding Option, may, subject to the recommendations of the Compensation Committee, be proportionately adjusted for any increase in the number of issued Shares resulting from issue of bonus shares without the receipt of consideration by the Company.

9.4. Issue of Rights Shares

All the Options including those which are Vested but were not Exercised and / or the price per Share covered by each such outstanding Options, may, subject to the



recommendations of the Compensation Committee, be proportionately adjusted for any increase in the number of issued Shares resulting from the issue of rights shares.

9.5. Exercise of Options

9.5.1. Procedure for Exercise of Options

An Option Granted hereunder shall be Exercisable according to the terms hereof at such times and under such conditions as determined by the Compensation Committee and set forth in the Stock Option Agreement. The Option shall be deemed to be Exercised when the Company receives;

- written or electronic notice or Exercise (in accordance with the ESOP Plan) from the person entitled to Exercise the Option;
- full payment for the Shares with respect to which the Option is Exercised.

9.5.2. Exercise of Options in the case of separation of an Employee from the Company

In the event of separation of an Employee from the Company due to reasons of permanent and total disability of the Optionee, all the Options Granted to the Employee as on the date of such permanent and total disability shall Vest in him or her on that date and the Optionee may Exercise his or her Vested Options, immediately on the date of permanent and total disability.

In the event of death of an Employee while in employment with the Company, all the Options Granted to the Employee till the date of Optionee's death shall Vest in the Beneficiary nominated by the Optionee and the Vested Options may be Exercised by the Beneficiary immediately.

In the event of resignation from employment for reasons of normal retirement or an early retirement specifically approved by the Company, the Vested Options may be Exercised by the Optionee prior to the date of resignation or retirement. Vested Options not Exercised within the aforementioned period, shall lapse upon the expiry of the period specified herein. All Options not Vested as on that day shall expire and stand terminated with effect from that date.

In the event of resignation of the Employee (other than by way of retirement as mentioned above), all Options Granted, which are not Vested 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 Exercised by the Employee immediately but not later than the last working day of the Employee. Vested Options not Exercised within the aforementioned period, shall lapse upon the expiry of the period specified herein.

In the event of abandonment of service by an Optionee without Company's consent, all Options Granted 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.

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9.5.3. Breach of the policies of the Company or the terms of employment

In the event of breach of the policies of the Company or the terms of employment by the Optionee, during the term of his employment , including cases where the Employee is terminated for cause, all Options Granted, including those which are Vested but not Exercised at the time of such breach shall expire and stand terminated with effect from the date of such breach or termination of employment.

9.5.4. Cessation of ESOP Plan

In all the cases mentioned above - death / permanent disability / resignation / abandonment of service / breach of policies, the ESOP Plan with respect to the specific Employee shall cease to be in force and no further Options shall be claimed / Granted under the ESOP Plan to such Employees.

9.6. **Rights of the Option-holder**

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, till Shares are issued on Exercise of Option.

9.7. **Notices and correspondence**

9.7.1. Any notice required to be given by an Employee to the Company or the Compensation Committee or any correspondence to be made between an Employee and the Company or the Compensation Committee may be given or made to the Company / Compensation Committee at the registered office of the Company or at the place as may be notified by the Company / Compensation Committee in writing.

9.7.2. Any notice, required to be given by the Company or the Compensation Committee to an Employee or any correspondence to be made between the Company or the Compensation Committee and an Employee shall be given or made by the Company or the Compensation Committee on behalf of the Company at the address provided by the Employee in his acceptance form.

9.8. **Beneficiary designation**

Each Employee under the ESOP Plan may nominate, from time to time, any **Beneficiary** to whom any benefit under the ESOP Plan is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Employee, shall be in a form prescribed by the Company as per Annexure-A and will be effective only when filed by the Employee in writing with the Company during the Employee's lifetime.

9.9. **Consequence of failure to Exercise Option**

The amount payable by the Employee, if any, at the time of Grant of Option:

- a) may be forfeited by the Company if the Option is not exercised by the Employee within the Exercise Period; or

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- b) the amount may be refunded to the Employee if the Options are not Vested due to non-fulfillment of condition relating to Vesting of Option as per the ESOP Plan.

9.10. **Non-Transferability of Option/Shares**

9.10.1 Option Granted to any Employee shall not be transferable to any person. No person other than the Employee to whom the Option is Granted shall be entitled to Exercise the Option except in the case of death of the Employee during employment as contemplated under this ESOP Plan. The Option Granted to the Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

9.10.2 Shares acquired by any Employee pursuant to exercise of Options, can be freely transferable to immediate family members. Transfer of Shares to any other person apart from immediate family members shall be first offered for sale to the Company or its existing shareholders at a fair market price which shall be determined based on the audited financial statements of the Company for the financial year, immediately preceding the date of transfer in accordance with the applicable Law. Shares cannot be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. The restrictions contained in this clause shall apply till such time the Shares of the Company are listed on any recognized stock exchange in India, after which time the Employee is free to deal with the Shares in any manner as he may deem fit in accordance with the applicable Law.

9.11. **Re-Transfer of Shares upon resignation / termination**

9.11.1. Upon resignation / termination of an Employee from the services of the Company, if required by the Company, the Employee shall transfer the Shares acquired by him out of such ESOP Plan, to Tejas Employees Welfare Trust, at a fair market price which shall be determined based on the audited financial statements of the Company for the financial year, immediately preceding the date of resignation / termination of the Employee in accordance with the applicable Law. The Beneficiary of the Employee who acquires Shares upon death of an Employee shall also be bound by this clause.

9.11.2 The Shares acquired by an Employee can be transferred to his immediate family members and no other transfer shall be permitted by the Company. Such Shares cannot be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

9.11.3. The restrictions contained in this clause shall apply till such time the Shares of the Company are listed on any recognized stock exchange in India, after which time the Employee is free to deal with the Shares in any manner as he may deem fit in accordance with the applicable Law.

10. **GENERAL**

This ESOP Plan shall not form part of any contract of employment between the Company and the Employees. Nothing in this ESOP Plan shall be construed as affording any Employee additional rights as to compensation or damages consequent to termination of employment for any reason. The Grant of ESOP does not guarantee continuation of employment.

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- 10.1. This ESOP Plan shall not confirm on any person any legal or equitable rights, other than those which he / she would be entitled to as an ordinary member of the Company, against the Company either directly or indirectly or give rise to any cause of action in law or in equity against the Company.
- 10.2. This ESOP Plan would be subject to prevalent Indian Laws, regulations and the Stock Option Agreement.

11. STATUTORY COMPLIANCES

11.1. Approvals required

11.1.1. Approval of the Shareholders of the Company, by means of a special resolution, is required for this ESOP Plan. Accordingly, approval of the ESOP Plan will be obtained from the Shareholders at the Annual General Meeting with the following broad terms, as set out in the Notice / Explanatory Statement:

- a) The total number of Options to be Granted;
- b) Identification of classes of Employees entitled to participate in the ESOP Plan;
- c) Requirements of Vesting and period of Vesting;
- d) Maximum period within which the Option shall be Vested;
- e) Exercise Price or pricing formula for arriving the same;
- f) Exercise Period and process of Exercise;
- g) the Lock-in period, if any ;
- (i) the maximum number of options to be granted per employee and in aggregate;
- (j) the method which the company shall use to value its options;
- (k) the conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct;
- (l) the specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee; and
- (m) a statement to the effect that the company shall comply with the applicable accounting standards .
- (n) Grant of Option to Employees of subsidiary or holding company and,
- (o) Grant of Option to identified Employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Option.

11.2. Variation of terms of ESOP

- 11.2.1. The Company shall not vary the terms of the ESOP Plan in any manner, which may be detrimental to the interests of the Employees.
- 11.2.2. The Company may by special resolution in a general meeting vary the terms of ESOP Plan offered pursuant to an earlier resolution of a general body but not yet Exercised by the Employee provided such variation is not prejudicial to the interests of the Employee.
- 11.2.3. The notice for passing special resolution for variation of terms of ESOP Plan shall disclose full details of the variation, the rationale therefore, and the details of the Employees who are beneficiary of such variation.

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11.2.4. The Company may re-price the Options which are not Exercised, whether or not they have been Vested if the Options were rendered unattractive due to fall in the price of the Shares in the market. Provided that the Company ensures that such re-pricing shall not be detrimental to the interest of Employees and approval of shareholders in general meeting has been obtained for such re-pricing.

11.3. Reimbursement of Taxes:

The Company shall be reimbursed by the Employee in full, for any liability that the Company incurs towards any fringe benefit tax ("FBT") or other such tax paid or payable in respect of the vesting, exercise, release, cancellation, transfer of any Options, within the time prescribed by the Company. The Company may require security for such reimbursement of taxes as a precondition to exercise of any Options and the Optionees may be required to execute additional documents as requested by the Company for such security or otherwise for reimbursement of such taxes to the Company.

11.4. Employee Taxation

11.4.1. Subject to approval by the Income Tax Department of this ESOP Plan, currently there would be no tax liability on the Employee at the time of Exercise of the Option. At the time of eventual sale of the Shares by the Employee, the difference between the acquisition price and the sale price of the Shares would be liable to tax (capital gains). Such capital gains could either be long term or short term and taxed at the prevailing rates.

Disclaimer - In the event of any tax liability arising on account of the issue of the Options/conversion into Shares/sale of Shares or any other event, to the Employee the liability shall be that of the Employee alone.

11.4.2. In the event of any tax liability arising on account of the ESOP Plan to the Company, including any tax liability arising on account of the applicable fringe benefit tax incurred / paid or payable by the Company in respect of the Vesting, Exercise, release, cancellation of Options Granted by the Company, the Company on the advice of the Compensation Committee/ESOP shall have the right to collect / deduct, the same from the Employees. In this regard, the Company may require security for such reimbursement of taxes as a precondition to Exercise of any Option by the Optionee.

11.4.3. Employees are advised to consult their respective tax advisors.

12. DISCLOSURES

12.1.1. The Board of Directors shall, *inter alia*, disclose either in the Directors' report or in the annexure to the Director's report, the following details:

- a) Options Granted;
- b) Options Vested;
- c) Options Exercised;
- d) The total number of Shares arising as a result of Exercise of Option;
- e) Options lapsed;

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- f) Exercise Price
- g) variation of terms of Options;
- h) money realised by Exercise of Options;
- i) total number of options in force;
- j) Employee wise details of Options Granted to:-
 - (i) key managerial personnel;
 - (ii) any other Employee who receives a Grant in any one year of Option amounting to 5% or more of Option Granted during that year;
 - (iii) identified Employees who were Granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant.

12.1.2. Any other disclosures as mandated by the accounting standards & policies.

13. CONFIDENTIALITY

No employee who holds any options or shares issued under the plan shall disclose the details of the plan and his / her holding, to any person, except with the prior permission of the Company.

14. ACCOUNTING POLICIES

The Company shall comply with the accounting policies specified in the ESOP Guidelines.

15. CERTIFICATE FROM AUDITORS

Post Company getting listed on the stock exchanges, as required the Board shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that the ESOP Plan has been implemented in accordance with the ESOP Guidelines and in accordance with the resolution of the Company in the general meeting.

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Annexure – A

NOMINATION FORM

Eligible employees may submit the following nomination form to nominate from time to time, any Beneficiary to whom any benefit under the ESOP Plan is to be delivered in case of his or her death before he or she receives all of such benefit. Incomplete forms may be considered ineligible for assessment.

Send the Completed Form to following address

Tejas Networks Limited
5th Floor, Plot No 25, J P Software Park
Electronic City, Phase 1,
Hosur Road,
Bangalore – 560 100
Ph: 080 - 41794600

Name of the Shareholder	Regd Folio no:
Address	Share certificate No:
	DP ID / Client ID:
	No of shares:

Nominee details

First name:	Surname:
Nominee's postal address: <i>(include postcode)</i>	
Nominee's Age:	
Nominee's phone number:	
Nominee's email address:	
Nominees Occupation:	