

## **Aster DM Healthcare Limited Employees Stock Option Plan, 2013**

This Employee Stock Option Plan has been formulated by the Board (as defined herein below) of the company (as herein below) pursuant to a resolution dated March 02, 2013 under an authority vested on the Board by the shareholders through a special resolution passed at the extraordinary general meeting held on March 02, 2013.

### **1. SHORT TITLE, EXTENT AND COMMENCEMENT**

- 1.1 This scheme may be called the "Aster DM Healthcare Employees Stock Option Plan 2013" (hereinafter referred to as "DM Healthcare").
- 1.2 DM Healthcare ESOP 2013 applies to Employees (as defined herein below).
- 1.3 An Employee who is a Promoter (as defined herein below) or belongs to the Promoter Group (as defined herein below) shall not be eligible to participate in the DM Healthcare ESOP 2013.
- 1.4 A director who either by himself or through his relative or through any body-corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company shall not be eligible to participate in the DM Healthcare ESOP 2013.
- 1.5 An independent director of the company, its subsidiaries or holding company (if any) shall not be eligible to participate in the DM Healthcare ESOP 2013.
- 1.6 DM Healthcare ESOP 2013 shall come into force with effect from March 02, 2013.

### **2 OBJECTIVE**

- 2.1 The objective of DM Healthcare ESOP 2013 is to reward the Eligible Employees (as defined hereunder) for their association with the company, their performance and to motivate them to contribute to the growth and profitability of the company. DM Healthcare ESOP 2013 has been designed to enhance awareness of creating shareholder value, align rewards with the creation of value, attract and retain talent, remain competitive in the market and strengthen interdependence between individual and organization prosperity.

### **3 DEFINITIONS**

In this DM Healthcare ESOP 2013:

- 3.1 "**Applicable Laws**" means all applicable statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, circulars, guidelines, policies, treaties, codes, directions, notices, directives and orders of any Government, statutory authority, tribunal, board, or court of competent authority, or recognized stock exchange, including, but not limited, to the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended

(hereinafter referred to as “Employee Benefits Regulations”) and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye-laws of the republic of India or any relevant jurisdiction, or of any stock exchange on which the equity shares of the company shall be listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.

3.2 “**Associate Company**” shall have the meaning as defined under section 2(6) of the Companies Act,2013.

3.3 “**DM Healthcare Employees Welfare Trust**” means the trust formed by the Company for purpose of implementing the DM Healthcare ESOP 2013 (hereinafter referred to as “Trust”).

3.4 “**Board**” means the Board of Directors for the time being of the Company.

3.5 “**Cause**” means any act or omission by an Eligible Employee amounting to misconduct, breach of contract including breach of a non-compete covenant, gross negligence, unethical practices or any other non compliance or violation of any law in force in India and includes any misconduct under the Company’s policies and under Applicable Laws.

3.6 “**Company**” means Aster DM Healthcare Limited having its registered office at IX/ 475L, Aster Medcity, Kuttisahib Road, Near Kothad Bridge, South Chittoor P.O., Cheranalloor, Kochi – 682 027, Ernakulam, Kerala, India.

3.7 “**Companies Act, 2013**” means the Companies Act, 2013 and the rules prescribed there under, as amended or modified from time to time.

3.8 “**Compensation Committee**” means the Nomination and Remuneration Committee of the Board comprising of such members of the Board as provided under section 178 of the Companies Act, 2013 constituted by the Company for the administration and superintendence of the DM Healthcare ESOP 2013.

3.9 “**Director**” means a director of the company, duly appointed in accordance with the Companies Act,2013.

3.10 “**Eligible Employee**” means those employees, as selected by the Compensation Committee, to whom Options are granted.

3.11 “**Employee**” shall cover the following:

3.11.1 A permanent employee of the Company who has been working in India or outside India;

3.11.2 Director of the Company, whether a whole-time director or not but excluding an independent director; and

3.11.3 An employee as defined above of the Company's Subsidiaries, or the Holding Company (if any).

3.12 **"Equity Share"** means one fully paid equity share of the Company of a face value of Rs.10/- each. However, in the event of subdivision of shares into shares of smaller denomination, the face value of the Equity Share shall stand reduced accordingly and any reference to the face value in the DM Healthcare ESOP 2013 shall be the reference to the reduced face value consequent to the subdivision.

3.13 **"Exercise"** means making of an application by the Option Holder to the Trust for transfer of Equity Shares against Vested Options in pursuance of DM Healthcare ESOP 2013.

3.14 **"Exercise Application"** means the application form set out in **Annexure 1**, for the purpose of enabling the Option Holder to apply to the Trust along with a cheque/demand draft in respect of the Exercise Price, during the Exercise Period, for Exercising the Vested Options.

3.15 **"Exercise Date"** means the date on which the notice of exercise is given to the company or to the trust by the employee. Compensation Committee

3.16 **"Exercise Period"** means the time period after Vesting within which the Option Holder can exercise the right to apply for Equity Shares by Exercising the Vested Options.

3.17 **"Exercise Price"** means the consideration to be paid by the Option Holder to Exercise the Vested Options pursuant to DM Healthcare ESOP 2013.

3.18 **"Grant"** means the process by which the Company issues Options under the DM Healthcare ESOP 2013.

3.19 **"Grant Letter"** means the letter issued by the Company as per the instructions from the [Compensation Committee] intimating an Eligible Employee of the Options granted to him or her for acquiring a specified number of Equity Shares at the Exercise Price and as per the Vesting schedule described therein.

3.20 **"Independent Director"** shall have the meaning assigned to it under section 149(6) of the Companies Act, 2013 and clause 49 of the equity listing agreement including any amendments/substitutions thereof as prescribed by the Securities and Exchange Board of India ("SEBI") from time to time.

3.21 **"Key Managerial Personnel"** shall have the meaning as defined under section 2(51) of the Companies Act, 2013.

3.22 **"Option"** means a stock option granted to the Eligible Employee by the Company pursuant to the DM Healthcare ESOP 2013, which would entitle them to apply for and get

transferred Equity Shares of the Company at a predetermined price (the Exercise Price), during or within the Exercise Period, subject to the requirements of Vesting. This is a right but not an obligation granted to an Eligible Employee under the DM Healthcare ESOP 2013. Each Option granted would represent the right to apply for one Equity Share of the company.

3.23 **"Option Agreement"** means the agreement(s) prepared, in accordance with this DM Healthcare ESOP 2013, to be executed between the Company, an Employee and the Trust and which will set forth any additional terms and conditions applicable to the Options.

3.24 **"Option Holder"** means the holder of an outstanding Option granted pursuant to DM Healthcare ESOP 2013.

3.25 **"Permanent Disability"** means, with respect to an Eligible Employee, a physical or mental impairment of sufficient severity that, in the opinion of the Compensation Committee, the Eligible Employee is unable to continue performing the duties, the Eligible Employee performed before such impairment and such impairment or condition is the reason for termination of person's employment with the Company.

3.26 **"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 (hereinafter referred to as the "ICDR Regulations").

3.27 **"Promoter Group"** shall have the same meaning assigned to it under the ICDR Regulations.

3.28 **"Relative"** shall have the meaning as defined under section 2(77) of the Companies Act, 2013.

3.29 **"Secondary Acquisition"** means acquisition of existing shares of the company by the trust on the platform of a recognized stock exchange for cash consideration.

3.30 **"Subsidiary"** means a present or future subsidiary company, as defined under section 2(87) of the Companies Act, 2013.

3.31 **"Tax" or "Taxes"** means any income tax, or other perquisite taxes imposed on an Eligible Employee with respect to the Grant, Vesting and/or Exercise of the Options under this DM Healthcare ESOP 2013.

3.32 **"Trust"** shall mean the DM Healthcare Employees Welfare Trust constituted by the Company for the purposes of operationalisation of the DM Healthcare ESOP 2013 in the manner specified in the Trust Deed and the DM Healthcare ESOP 2013.

- 3.33 **“Trust Deed”** shall mean the deed of private trust between the Company and the trustee(s), as modified from time to time, for creation of the DM Healthcare Employees Welfare Trust for the welfare of the Eligible Employees with the objective of operationalizing the DM Healthcare ESOP 2013 in the manner specified in the Trust Deed and the DM Healthcare ESOP 2013.
- 3.34 **“Unvested Option”** means an Option in respect of which the relevant Vesting Period is not over, and the Option Holder has not become eligible to Exercise the Option.
- 3.35 **“Vesting”** means the process by which the Option Holder is given the right to apply for Equity Shares of the Company against the Option granted to him in pursuance of DM Healthcare ESOP 2013.
- 3.36 **“Vesting Period”** means the period commencing from the date of Grant of Options and expiring on the date on which the Option Holder becomes eligible to Exercise the Options.
- 3.37 **“Vested Option”** means an Option in respect of which the relevant Vesting Period is over, and the Option Holder has become eligible to Exercise the Option.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Employee Benefits Regulations, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013 or the ICDR Regulations or any statutory modification or re-enactment thereof, as the case maybe.

#### **4 INTERPRETATION**

In this DM Healthcare ESOP 2013, unless the contrary intention appears:

- 4.1 The clause headings are for ease of reference only and shall not be relevant to interpretation of the clause, which shall be interpreted solely in the light of the contents thereof;
- 4.2 Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- 4.3 A reference to a clause number is also a reference to its sub-clauses;
- 4.4 The *ejusdem generis* principle of construction shall not apply to this Scheme and, accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms “other”, “including”, “include” and “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

- 4.5 Words in the singular number include the plural and viceversa;
- 4.6 Words importing a gender include any other gender;
- 4.7 A reference to an Annexure includes a reference to any part of that Annexure which is incorporated by reference;
- 4.8 Any reference to statutory provisions/laws shall include modifications/changes from time to time.

## **5 ELIGIBILITY**

- 5.1 The Compensation Committee will have the discretion and authority to select the Eligible Employees from among the Employees to whom Options are to be Granted from time to time under this DM Healthcare ESOP 2013.
- 5.2 Notwithstanding the foregoing, the following persons shall not be eligible to participate in the Scheme:
- 5.2.1. An Employee who is a Promoter or belongs to the Promoter Group; and
  - 5.2.2. A director, who either by himself or through his relative or through any body-corporate, directly or indirectly, holds more than 10 (ten) percent of the outstanding Equity Shares of the Company;
  - 5.2.3. An Independent director of the company, its subsidiaries or holding company (if any).

## **6 IMPLEMENTATION OF DM Healthcare ESOP 2013**

- 6.1 Subject to Applicable Laws and prior approval of the shareholders of the Company, the DM Healthcare ESOP 2013 shall be implemented and administered by the Trust.
- 6.2 The Trust Deed shall include such provisions as are prescribed by SEBI and any modifications to the trust deed thereto shall be mandatorily filed with the stock exchanges where the shares of the Company are listed.
- 6.3 A person shall not be appointed as a trustee if he (a) is a Director, Key Managerial Personnel or Promoter of the Company or its Holding, Subsidiary or Associate company or any Relative of such Director, Key Managerial Personnel or Promoter; or (b) beneficially holds ten percent or more of the paid-up share capital of the Company.
- 6.4 The trustees of the Trust shall not vote in respect of the Equity Shares held by the Trust, so as to avoid any misuse arising out of exercising such voting rights.

- 6.5 Secondary acquisition in a financial year by the Trust shall not exceed two per cent of the paid-up equity capital of the Company as at the end of the previous financial year.
- 6.6 The Trust shall undertake off-market transfer of Equity Shares only under the following circumstances: (a) transfer to the Eligible Employees pursuant to the DM Healthcare ESOP 2013; or (b) when participating in open offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, or when participating in a buy-back, delisting or any other exit offered by the Company generally to its shareholders.
- 6.7 The Trust shall make such disclosures and comply with such other requirements as applicable to 'Insiders' or Promoters under the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended.
- 6.8 In the event of winding up of the DM Healthcare ESOP 2013, the excess monies or Equity Shares remaining with the Trust after meeting all the obligations, if any, shall be utilized for repayment of loan by way of distribution to Employees as recommended by the Compensation Committee.

## **7 COMPENSATION COMMITTEE**

- 7.1 The Compensation Committee shall formulate detailed terms and conditions of the DM Healthcare ESOP 2013 which shall, *inter alia*, include the following provisions:
- 7.1.1 the quantum of Options per Employee and in aggregate under the DM Healthcare ESOP 2013;
  - 7.1.2 the conditions under which Options may vest in Employees and may lapse in case of termination of employment for misconduct;
  - 7.1.3 the Exercise price per Option and the Exercise Period within which the Employee can Exercise the Options and that Options would lapse on failure to Exercise the same within the Exercise Period;
  - 7.1.4 the specified time within which the Employee shall exercise the Vested Options in the event of termination or resignation of an Employee;
  - 7.1.5 the right of an Employee to Exercise all the Options Vested in him or her at one time or at various points of time within the Exercise Period;
  - 7.1.6 the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to Exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, *inter alia*, be taken into consideration by the Compensation Committee:
    - 7.1.6.1 the number and price of Options shall be adjusted in a manner such that total value to the Employee of the Options remains the same after the corporate action; and
    - 7.1.6.2 the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Employee who is Granted such Options;

7.1.7 the Grant, Vesting and Exercise of Options in case of Employees who are on long leave; and

7.1.8 the procedure for cashless Exercise of Options.

7.2 All questions of interpretation, dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with the DM Healthcare ESOP 2013 shall be referred to the Compensation Committee and shall be determined by the Compensation Committee. Such determination/decision/interpretation shall be final and binding upon all persons having an interest in or affected by DM Healthcare ESOP 2013.

7.3 The Compensation Committee shall establish, implement, amend and rescind any rules and regulations relating to the DM Healthcare ESOP 2013 and to make any other determination that it deems necessary or desirable for the administration and implementation of the DM Healthcare ESOP 2013. The Compensation Committee may correct any defect, omission or reconcile any inconsistency in the DM Healthcare ESOP 2013 in the manner and to the extent the Compensation Committee deems necessary or desirable.

7.4 The Compensation Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including the SEBI (Prohibition of Insider Trading) Regulations, 1992 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Trust, the Company and the Employees, as applicable.

## **8 VARIATION OF TERMS OF DM HEALTHCARE ESOP 2013**

8.1 The Company shall not vary the terms of the DM Healthcare ESOP 2013 in any manner which may be detrimental to the interests of the Eligible Employees, other than to meet any regulatory requirements, provided that such variation shall be approved by Compensation Committee.

8.2 The Company may reprice the Options which are not Exercised, whether or not they have been Vested, if the DM Healthcare ESOP 2013 is rendered unattractive due to a fall in the price of the Equity Shares in the stock market provided that any such repricing is not detrimental to the interests of the Eligible Employees and has been approved by the shareholders of the Company in a general meeting.

## **9 SHARES SUBJECT TO PLAN**

9.1 The aggregate number of Equity Shares, which may be issued under the DM Healthcare ESOP 2013, shall not exceed 1.22% of paid up equity capital of the Company as on March 02, 2013 i.e. 15,42,750 Equity Shares. Fair and reasonable adjustments to the above number shall be made by the Compensation Committee in case of Corporate actions such as rights issue, bonus issue, merger etc.



## **10 GOVERNMENTAL REGULATIONS AND APPROVALS**

- 10.1 This DM Healthcare ESOP 2013 shall be subject to all Applicable Laws and to such approvals from any governmental agencies as may be required.
- 10.2 The Grant of Options under this DM Healthcare ESOP 2013 to (i) employees of subsidiary or holding or associate company, or (ii) identified employees, during any one year, equal to or exceeding one per cent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of Grant of Option, shares or incentive, as the case may be, shall be subject to the approval of the shareholders of the Company by passing a special resolution in a general meeting.
- 10.3 The Grant of Options under this DM Healthcare ESOP 2013 shall entitle the Company to require the Eligible Employees to comply with such requirements of law as may be necessary in the opinion of the Company/ Compensation Committee.
- 10.4 In case of any contradiction between the provisions of this DM Healthcare ESOP 2013 and any Applicable Laws, the provisions of such Applicable Law shall override the provisions of this DM Healthcare ESOP 2013.

## **11 GENERAL RISKS**

- 11.1 Participation in this DM Healthcare ESOP 2013 should not be construed as any guarantee of return on the equity investment. All investment in Equity Shares or Options on Equity Shares is subject to risk as the value of Equity Shares may fluctuate. In addition, stock options are also generally subject, inter alia, to following additional risks:
- 11.2 Concentration: The risk arising out of any fall in value of shares is aggravated if an eligible employee's holding is concentrated in the shares of a single company.
- 11.3 Leverage: Any change in the value of the share can lead to significantly large change in the value of the option as an option amounts to a leveraged position in the share.
- 11.4 Liquidity: The options cannot be transferred to anybody, and therefore eligible employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
- 11.5 Vesting: The options will lapse if the employment is terminated prior to vesting without any obligation on the company or Compensation Committee.

## **12 OPTIONS**

- 12.1 Grant of Options
- 12.1.1 The Trust shall grant the Options to the Eligible Employee as may be decided by the Compensation Committee from time to time in accordance with the provisions of the Employee Benefits Regulations.

12.1.2 Except as otherwise mentioned in this DM Healthcare ESOP 2013, the Options granted to the Eligible Employees shall entitle them to apply for Equity Shares during the Exercise Period after the Options are Vested.

12.1.3 The Grant of the Options by the Compensation Committee to the Eligible Employee shall be made in writing and communicated to the Eligible Employee by way of a Grant Letter. Such a Grant Letter shall be in a format decided by the Compensation Committee and shall set out the:

- 12.1.3.1 number of Options offered;
- 12.1.3.2 terms and conditions of the Grant and the Exercise Period;
- 12.1.3.3 Vesting schedule;
- 12.1.3.4 conditions subject to which Vesting would take place; and
- 12.1.3.5 Exercise Price.

12.1.4 In the event of an Option Holder ceasing to be an Employee by reason of resignation or termination of employment due to reasons of non-performance or for Cause, the Unvested Options held by the Option Holder shall lapse forthwith, without any obligations whatsoever on the Company or the Compensation Committee.

12.1.5 In the event of death/permanent disability of an Option Holder, all Options Granted to him shall be transferred to the legal heir(s) or nominee of the Option Holder and would Vest immediately. Legal heirs or nominee will have to complete all legal formalities mentioned in applicable laws and produce requisite documents to provide his/her/their rights. The Options would have to be exercised within 45 days of such event or such other period as may be decided by the Compensation Committee.

12.1.6 In the event of resignation/retirement of an Option Holder, the Option Holder will be required to exercise all Vested Options within 15 days of his/her resignation/retirement.

In the event of any Employee being promoted, the discretion whether to grant Options or additional Options, if he/she has already been granted Options before promotion, the date of grant, the quantum of Options, Vesting Schedule etc., shall be at the discretion of the Compensation Committee.

## 12.2 Exercise of Options

12.2.1 An Eligible Employee can, exercise his Options by applying to the company or Trust during the Exercise Period, by way of an "Exercise Application". Each Option entitles the holder thereof to apply for and be transferred one Equity Share on the payment of the Exercise Price during the Exercise Period. Provided that, in the event of Exercise of Options resulting in fractional Equity Shares, the Compensation Committee shall be entitled to round off the number of Equity Shares to be given to nearest whole number, and the Exercise Price shall be correspondingly adjusted. The Exercise Period shall commence from the date of

vesting and may extend upto the end of 10 years from the date of grant of Options. The exact Exercise Period for the Options granted shall be stated in the Grant Letter.

- 1222 Option Agreement. The Compensation Committee shall formulate the Option Agreement setting forth the terms and conditions for the Options as applicable to the Option Holders. The Compensation Committee may revise the formats of the Option Agreement at its absolute discretion, subject to compliance with the Applicable Laws. Any Grant/ Exercise of Options shall be subject to execution by the Option Holders of the Option Agreement.
- 1223 Exercise of the Options shall take place at the time, place and manner prescribed by the Compensation Committee and by executing such documents as may be required under the Applicable Laws to pass a valid title to the relevant Equity Shares to the Eligible Employee, free and clear of any liens, encumbrances and transfer restrictions save for those set out therein.
- 1224 Payment of the aggregate Exercise Price for Options vested may be made by cheque or draft in favour of the Trust. The Option Holder may at his discretion Exercise all or part of the Vested Options during the Exercise Period.
- 1225 In the event of a failure to Exercise the Option, the amount payable by the Eligible Employee, if any, at the time of Grant of Option, (i) may be forfeited by the Company if the Option is not exercised by the Eligible Employee within the Exercise Period; or (ii) may be refunded to the Eligible Employee if the Options are not Vested due to non-fulfillment of conditions relating to Vesting of Option as per the DM Healthcare ESOP 2013.

#### 12.3 Exercise Price

Under ESOP 2013, four categories of Options namely, Incentive Options, Milestone Options, Performance Options and Loyalty Options are granted to eligible employees as decided by the Compensation Committee. The exercise price for each of the above four categories of Options shall be from Rs.10 per Option to an exercise price upto a maximum discount of 25% on the fair market value (Average of opening and closing price) of the Company's shares on the National Stock Exchange on the latest market trading day prior to the date of grant as determined by the Compensation Committee at the time of grant. The exercise price payable per Option shall be determined by the Compensation Committee at the time of approval of each grant under ESOP 2013.

#### 12.4 Exercise Date

An Option Holder may exercise the Options granted to him for transfer of Equity Shares on or after the Exercise Date(s) but within the exercise period. The date on which the notice of exercise is given to the company or to the trust by the eligible employee shall be the Exercise Date.

#### 12.5 Vesting Period

Options granted under the DM Healthcare ESOP 2013 shall Vest not prior to expiry of 12 months from the date of Grant and shall completely vest prior to 120 months from the date of Grant. The exact proportion and the period over which the options would vest would be determined by the Board or Nomination & Remuneration Committee subject to the minimum vesting period of one year from the date of grant of Options. The Vesting may occur in tranches as decided by the Compensation Committee, which shall be stated in the Grant Letter.

#### 12.6 Bonus or Rights Shares

Notwithstanding anything stated in this DM Healthcare ESOP 2013, in the event of a bonus issue or rights issue of Equity Shares being made by the Company, the number of Options granted and the exercise price per Option shall be adjusted in the same proportion as the bonus being declared or rights issue being made. If as a result of allotment of any bonus Equity Shares or rights shares any fractions arise, the Option Holders shall not be entitled to any fractional entitlements.

#### 12.7 Transfer of Options

The Options held by the Option Holder are not transferable but shall be entitled for transmission in the event of death of the Option Holder. Legal heir(s) or nominee will have to complete all legal formalities mentioned in Applicable Laws and produce requisite documents to prove his/her/their right(s) within reasonable period. The Options cannot be pledged/ hypothecated/ charged/ mortgaged/ assigned or in any other manner alienated or disposed off.

#### 12.8 Adjustment in case of corporate action

In case of a corporate action including but not limited to a stock split, reverse stock split, dividend, combination or reclassification of the Equity Shares, any other increase or decrease in the number of issued Equity Shares effected without receipt of consideration by the Company, or in the event of a merger/demerger, or sale of all or substantially all the assets of the Company or any other form of a change in control of the Company, the Compensation Committee may make reasonable adjustments to the number of Options and the Exercise Price at its sole discretion. In the event of any corporate action or change in control involving the Company, the Compensation Committee reserves the right for any accelerated Vesting and/or for prescribing mandatory Exercise, failing which all the outstanding Options (whether Vested or Unvested) shall automatically lapse and be forfeited, notwithstanding any Exercise Period subsisting at that time.

### 12 SHARES

#### 13.1 Issue of Equity Shares

- 13.1.1 Upon Exercise of the Options and transfer of Equity Shares, the Equity Shares so converted shall be subject to the terms and conditions as stated herein below.
- 13.1.2 The trustee(s) of the Trust shall manage the funds contributed by the Eligible Employees as per the directions of the Compensation Committee/ Company and as stipulated in this DM Healthcare ESOP 2013.
- 13.1.3 During the Exercise Period, if any valid Exercise Application is received by the Trust from the Option Holder duly completed in all respects including receipt of exercise price and applicable taxes that may be payable on account of exercise of Options the Trust shall make every effort to transfer Equity Shares to such Option Holder within 30 days from the date of receipt of the Exercise Application.
- 13.2 Ranking of Equity Shares
  - 13.2.1 Upon transfer of the Equity Shares, the Eligible Employees shall become members of the Company. The Equity Shares transferred to the Eligible Employees pursuant to DM Healthcare ESOP 2013 shall rank pari-passu with all the existing Equity Shares of the Company. At the time of transfer of Equity Shares pursuant to a valid Exercise, the Eligible Employee will be required to sign such document(s) as may be considered necessary by the Compensation Committee/ Company to lawfully execute/ enforce various provisions of the DM Healthcare ESOP 2013.
- 13.3 Lock-in of Equity Shares
  - 13.3.1 Company may specify a lock-in period for the Equity Shares transferred pursuant to Exercise of an Option.
- 13.4 Listing of Equity Shares
  - 13.4.1 The Equity Shares arising after the initial public offering ("IPO") of the Company, out of Options granted under the DM Healthcare ESOP 2013 prior to the IPO, shall be listed immediately upon Exercise in all the recognized stock exchanges where the Equity Shares of the Company are listed subject to compliance with the ICDR Regulations and the Employee Benefits Regulations.
  - 13.4.2 Any Equity Shares resulting from a new issue made under the DM Healthcare ESOP 2013 after the successful listing of the Company shall be listed immediately in any recognized stock exchange where the existing shares of the Company are listed, subject to reporting and filing requirements under the Employee Benefits Regulations and the in-principle approval from the stock exchanges.

## **14 TAX LIABILITY**

- 14.1 Any tax liability arising out of allotment of the Options or transfer of Equity Shares, as the case may be, under this DM Healthcare ESOP 2013 will be

deducted or paid, from/ by Eligible Employee in accordance with Applicable Laws in India and in such other countries as applicable.

- 14.2 In the event of any withholding tax liability arising on account of Grant of Options or transfer of Equity Shares pursuant to the Exercise of such Options, the Company shall be entitled to withhold such tax from any dues to the Eligible Employee.
- 14.3 Any other taxes introduced in future by the state government or central government or any other relevant authority shall also be deducted/ collected from the Eligible Employee. The Company reserves the right to not allot the Options/ transfer Equity Shares in case the Eligible Employee is unable to discharge in full the obligation(s) in respect of applicable Taxes.
- 14.4 The Eligible Employees shall be required to indemnify the Company with respect to any Tax liability arising out of the Grant, Vesting and/or Exercise of Options by him/her.

## **15 CONFIDENTIALITY**

- 15.1 The Eligible Employee who holds any Options/ Equity Shares under DM Healthcare ESOP 2013 shall not divulge the details of DM Healthcare ESOP 2013 and his holding to any person except with the prior written consent of the Company. In case of non-adherence to the provisions of this clause, the Compensation Committee will have the authority to deal with such cases as it may deem fit in its absolute discretion.

## **16 FURTHER ASSURANCES**

- 16.1 The Eligible Employee shall enter into such agreement(s) and do such acts, deeds or things, as the Compensation Committee may direct from time to time to more fully and effectively implement this DM Healthcare ESOP 2013.

## **17 BENEFICIARY NOMINATION**

- 17.1 Each Eligible Employee under the DM Healthcare ESOP 2013 may nominate, from time to time, any beneficiary or beneficiaries to whom any benefit under the DM Healthcare ESOP 2013 is to be delivered in case of death of the Employee before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Eligible Employee, shall be in a form prescribed by the Committee and will be effective only when filed by the Eligible Employee in writing with the Company during the Eligible Employee's lifetime.

## **18 DISCLAIMER**

- 18.1 Any changes to the terms and conditions of DM Healthcare ESOP 2013 may be effected due to any change in the law applicable to DM Healthcare ESOP 2013.

This DM Healthcare ESOP 2013 is purely at the discretion of the Board of the Company.

## **19 DISCLOSURE**

- 19.1 The Company shall disclose all information in relation to employee benefits as required to be disclosed in terms of the Companies Act, 2013. The Board shall also disclose such details of the DM Healthcare ESOP 2013 as prescribed by SEBI as and when applicable.
- 19.2 Until all Options Granted in the three years prior to the IPO of the Company have been Exercised or have lapsed, disclosure of the information specified in Clause 19.1 above shall also be made in respect of such Options.

## **20 CONTRACT OF EMPLOYMENT**

- 20.1 This DM Healthcare ESOP 2013 shall not form part of any contract of employment between the Company and the Eligible Employee. The rights and obligations of any Eligible Employee under the terms of his/her office or employment with the Company shall not be affected by his/her participation in this DM Healthcare ESOP 2013. Nothing in this DM Healthcare ESOP 2013 shall be construed as affording such an Eligible Employee any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- 20.2 This DM Healthcare ESOP 2013 shall not confer on any person any legal or equitable rights against the Company or its Subsidiaries/Holding Company (if any) either directly or indirectly or gives rise to any cause of action in law or equity against the Company or its Subsidiaries /Holding Company (if any).
- 20.3 Nothing contained herein or in any Option(s) given to an Eligible Employee shall give or confer upon such Eligible Employee any right for continuation of the employment with the Company.
- 20.4 Nothing contained herein or in any Option(s) given to an Eligible Employee interferes or shall interfere in any way with the right of the Company to terminate the employment of such Eligible Employee at any time and for any reason whatsoever.

## **21 DISPUTE RESOLUTION**

- 21.1 Any dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with this DM Healthcare ESOP 2013 shall be referred to the Compensation Committee and shall be determined by the Compensation Committee and any such determination / decision / interpretation by the Compensation Committee shall be binding on all persons affected thereby.

## **22 NO RESTRICTION OF CORPORATE ACTION**

- 22.1 The existence of this DM Healthcare ESOP 2013 and allotment/ transfer of Equity Shares made hereunder shall not in any way effect the right or the power of the Board or the shareholders or the Company to make or authorise any change in capital structure; including any issue of Equity Shares, debt or other securities having any priority or preference with respect to the Equity Shares or the rights thereof.
- 22.2 Nothing contained in this DM Healthcare ESOP 2013 shall be construed to prevent the Company or any of its Subsidiaries/Holding Company (if any) from taking any corporate action, such as such as stock split, reverse stock split, dividend, bonus, combination or reclassification of the Equity Shares, any other increase or decrease in the number of issued Equity Shares effected without receipt of consideration by the Company, or in the event of a merger/demerger, or sale of all or substantially all the assets of the Company, which is deemed by the Company or any of its Subsidiaries/Holding Company (if any), as the case may be, to be appropriate or in its best interest. No Eligible Employee or other person shall have any claim against the Company or any of its Subsidiaries/Holding Company (if any), as the case may be, as a result of such action.

## **23 RIGHTS OF AN ELIGIBLE EMPLOYEE**

- 23.1 An Employee who has been granted Options, shall have no right of a shareholder, including but not limited to right to vote, dividend, transfer Options, till the time the Vested Options, if any, are exercised by such Employee as per the terms and conditions of this DM Healthcare ESOP 2013.

## **24 DURATION**

- 24.1 Subject to the other provisions of this DM Healthcare ESOP 2013, this DM Healthcare ESOP 2013 will continue till the last granted Option is fully exercised or lapsed.

## **25 NOTICES**

- 25.1 All notices or communications required to be given by the Company to an Option Holder by virtue of DM Healthcare ESOP 2013 shall be in writing and shall be sent to the last address of the Option Holder available in the records of the Company and any communication to be given by an Option Holder to the Company in respect of DM Healthcare ESOP 2013 shall be sent to the address mentioned below:



**Chairman**  
**Compensation Committee**  
**Aster DM Healthcare Limited**  
**IX/ 475 L, Aster Medcity, Kuttisahib Road**  
**Near Kothad Bridge, South Chittoor P.O., Cheranalloor, Ernakulam - 682 027**  
**Kerala, India**  
**Email: [cs@asterdmhealthcare.com](mailto:cs@asterdmhealthcare.com)**

## **26 ARBITRATION**

26.1 All disputes arising out of or in connection with the DM Healthcare ESOP 2013 or Grant, Vesting or Exercise shall be referred to for arbitration to a single arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996 as amended. The place of Arbitration shall be Ernakulam, India.

## **27 NEW SCHEMES**

27.1 Nothing contained in DM Healthcare ESOP 2013 shall be construed to prevent the Company directly or through any trust settled by the company, from implementing any other new scheme for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the DM Healthcare ESOP 2013 or any Grant made under the DM Healthcare ESOP 2013. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.

## **28 GOVERNING LAW AND SEVERABILITY**

28.1 DM Healthcare ESOP 2013 here created will be construed, administered, and governed in all respects in accordance with the Applicable Laws, and subject to the jurisdiction of the courts at Ernakulam, Kerala. If any provision of DM Healthcare ESOP 2013 will be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of DM Healthcare ESOP 2013 will continue to be fully effective. Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with the DM Healthcare ESOP 2013:

28.1.1 in any other court of competent jurisdiction; or

28.1.2 concurrently in more than one jurisdiction.

## **29 INCOME TAX RULES**

29.1 The applicable Tax Laws and rules as in force will be applicable.

### **30 ACCOUNTING POLICIES**

- 30.1 The Company shall comply with the requirements of the 'Guidance Note on Accounting for employee share-based Payments ("Guidance Note") of Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India ("ICAI") from time to time, including the disclosure requirements prescribed therein.
- 30.2 Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for any of the schemes covered under the Employee Benefits Regulations then the Company shall comply with the relevant Accounting Standard as may be prescribed by ICAI from time to time.

### **31 CERTIFICATE FROM AUDITORS**

The Board shall at each annual general meeting place before the shareholders a certificate from the auditors of the Company that the DM Healthcare ESOP 2013 has been implemented in accordance with the Employee Benefits Regulations and in accordance with the resolution of the Company in the general meeting.

# ANNEXURE 1: APPLICATION FOR EXERCISE OF OPTIONS

Date:

Trustee,  
DM Healthcare Employees Welfare Trust  
[39/3103, First Floor,  
PDR Bhawan, Palliyil Lane,  
Foreshore Road, Kochi – 682 016,  
Kerala India]

This refers to \_\_\_\_\_ Options granted to me vide Grant Letter dated \_\_\_\_\_ under DM Healthcare ESOP 2013. Accordingly \_\_\_\_\_ Options were due for conversion into \_\_\_\_\_ Fully paid up equity shares of Rs.10/-each during the period from \_\_\_\_\_ to \_\_\_\_\_ as per the terms and conditions of DM Healthcare ESOP 2013.

I hereby apply for transfer to me \_\_\_\_\_ number of Equity Shares stated below towards exercise of Options due for conversion out of the above. The amount payable on towards the Exercise Price and perquisite tax on exercise of Options as shown below is remitted herewith. I agree to accept the Equity Shares applied for subject to the terms of the DM Healthcare ESOP 2013 and other applicable laws as well as subject to Memorandum and Articles of Association of the Company. I undertake that I will sign all such other documents and do all such acts, if any, necessary on my part to enable me to be registered as the holder of the Equity Shares. I hereby authorize you to place my name on the Register of Members of the Company as holders of the Equity Shares that may be transferred to me and to register my address as given below:

No. of Options Exercised:	
Equivalent No. of Equity Shares:	
Total Exercise Amount payable (in figures) :	
Total Exercise Amount payable (in words) :	
Total Perquisite tax payable (in figures) :	
Total Perquisite tax payable (in words) :	
Cheque number and date (towards Exercise price) :	
Cheque number and date (towards Perquisite tax) :	
Name of the Applicant:	
Name of the Father/Husband:	
Address of Applicant:	
Usual/Specimen Signatures:	
Signature of Applicant:	
P.A.N. No. Applicant:	
Demat Account details: DP Name:	
DP ID:	
Demat Account Number:	

Thanking you

Sincerely yours,

*(Name of Employee & Designation)*

<b>ANNEXURE 2: NOMINATION FORM</b>
------------------------------------

Date:

Chairman

Compensation Committee

**[Aster DM Healthcare Limited IX/ 475 L,**

**Aster Medcity, Kuttisahib Road**

**Near Kothad Bridge, South Chittoor P.O., Cheranalloor, Ernakulam - 682 027**

**Kerala, India]**

I refer to the DM Healthcare ESOP 2013 and the Options granted to me under the same.

In respect of the Options granted to me under the DM Healthcare ESOP 2013 and accepted by me, I hereby nominate the following person, as my nominee, to exercise the Options to which I am entitled to and to receive the underlying Equity Shares in accordance with the provisions of the DM Healthcare ESOP 2013, in the event of my death.

Name of the nominee	
Date of birth of the nominee	
Address of the nominee	
Relationship with the nominee	

This nomination supersedes, revokes and replaces all nominations, if any, made by me prior to the date hereof.

Signature of the Option Holder	
Name of Witness	
Signature of the witness	
Address of the Witness	

Sincerely yours,

*(Name of Employee & Designation)*