

**HIMACHAL FUTURISTIC COMMUNICATIONS LIMITED (HFCL)
EMPLOYEES' LONG TERM INCENTIVE PLAN 2017**

1. NAME OF THE PLAN

This plan shall be known as the Himachal Futuristic Communications Limited (HFCL) Employees' Long Term Incentive Plan - 2017 ("**HFCL Plan 2017**").

2. SCHEMES UNDER THE PLAN

The Plan shall consist of such schemes as may be approved by Committee from time to time. At commencement of this Plan, the following schemes shall form part of the Plan:

- 2.1 Employee Incentive Scheme for employees under L1 and L2 category, which shall comprise of Employee Stock Options under an Employee Stock Options Plan (**ESOP**) and Performance Based Restricted Stock Units under a Restricted Stock Units Plan (RSUP);
- 2.2 Employee Incentive Scheme for employees under L3, L4 and L5 category, which shall comprise of Employee Stock Options under an ESOP.
- 2.3 Shares for all employees across L1 to L7 under an Employee Stock Purchase Scheme (ESPS).

3. EFFECTIVE DATE

This Plan shall be effective from 1st October, 2017 onwards subject to approval from the shareholders at their general meeting and shall continue to be in force until the date on which all of the Options available for issuance under the HFCL Plan 2017 have been Granted and Exercised by the Eligible Employees.

4. PURPOSE OF THE PLAN

- 4.1 The purpose of the plan is to promote entrepreneurial behaviour among employees of HFCL ("Company"), motivate them with incentives and reward their performance with ownership in proportion to the contribution made by them as well align the interests of the employees with that of the Company.
- 4.2 Such exercise will create sense of ownership and participation amongst the employees and will ensure achievement of organizational performance goals along with creation of value for the shareholders.

5. DEFINITIONS

In this Plan, all capitalised terms will have the meaning as defined in Schedule A of this Plan.

6. TOTAL QUANTUM OF SHARES UNDER PLAN

- 6.1 Subject to Clause 15, the maximum number of Shares that may be issued under this Plan shall not exceed 2.02 % (i.e. not more than 2,50,00,000 equity shares) of the current total paid up capital of the Company (i.e., at the time when the Plan is approved by the Shareholders). The Committee reserves the right to increase or reduce such number of Shares as it deems fit, subject to Applicable Laws.

- 6.2 The Committee shall normally determine the number of Grants for an Eligible Employee, within the maximum limits applicable. However, the number of Grants for an individual Eligible Employee, during any year, shall be less than 1% of the paid up equity share capital of the Company, unless approved by way of a separate resolution in the general meeting of the Company.

7. IMPLEMENTATION OF THE HFCL PLAN 2017

- 7.1 The HFCL Plan 2017 will continue to be implemented through the Trust Route. In Trust Route, the Trust will acquire the shares of the Company through fresh allotment from the Company and will transfer the same to employee upon valid exercise of Options in accordance with the HFCL Plan 2017. The Company believes that the implementation of the HFCL Plan 2017 through trust will be in the best interests of the Company and its shareholders and will enable the Company to retain quality talent.

- 7.2 The Trustee will ensure that appropriate approval from the shareholders has been obtained by the Company in order to enable the trust to implement the HFCL Plan 2017 and subscribe to fresh allotment from the Company for the purposes of the HFCL Plan 2017.

The shares allotted to Trust by the Company shall be listed immediately on stock exchanges, where the equity shares of the Company are listed. All the shares allotted will rank pari-passu with all other equity shares of the Company. The trust will transfer these shares to eligible employees on exercise of stock options under the HFCL Plan 2017

- 7.3 The shareholding of the trust shall be disclosed to the stock-exchange as “non-promoter and non-public” shareholding and the shares held by the trust shall not form part of the public shareholding which needs to be maintained at a Minimum of twenty five per cent as prescribed under Securities Contracts (Regulation) Rules, 1957.

- 7.4 The trustees of a trust, which is governed under these regulations, shall not vote in respect of the shares held by such trust, so as to avoid any misuse arising out of exercising such voting rights.

- 7.5 The Company may lend monies to the trust on appropriate terms and conditions to acquire the shares through new issue for the purposes of implementation of the HFCL Plan 2017.

- 7.6 The amount of loan to be provided for implementation of the scheme by the Company to the Trust Shall not exceed 5% of the paid up equity capital and free reserves as provided in Companies Act, 2013 and SEBI regulations for Primary acquisition. The tenure of the loan would be till the objects of the Trust are accomplished or the re-payment of the loan is made whichever is earlier. The loan amount shall be utilized by the Trust for its objects as mentioned in the Trust Deed including subscription of shares for implementation of the HFCL Plan 2017. The loan shall be repaid by the Trust in one or more instalments, by utilising the proceeds received by it from the exercise price paid by the employees in respect of the options/units/ shares.

8. ELIGIBILITY

- 8.1 “Employees” shall mean:

- 8.1.1 the full time permanent employees of the Company who has been working in India or outside India, director of the Company whether a whole time director or not, but do not include:-
- 8.1.1.1 Independent Directors of the Company
 - 8.1.1.2 Directors of the Company, who either by himself/herself or through any relative or body corporate, hold more than 10% of the Equity Share Capital of the Company;
 - 8.1.1.3 employees who are Promoters of the Company or belong to the Promoter Group; and
- 8.1.2 the permanent employees of the present and future Indian/ foreign subsidiary companies or of a holding company of the Company who has been working in India or outside India, Directors of the present and future Indian/ foreign subsidiary companies or of a holding company of the Company, whether a Whole-time Director or not, but do not include:-
- 8.1.2.1 Independent Directors of the Indian/ foreign subsidiary companies of the Company
 - 8.1.2.2 Directors of the subsidiary companies who either by himself/herself or through any relative or body corporate, hold more than 10% of the outstanding Equity Share Capital of the company; and
 - 8.1.2.3 Employees of the Subsidiary Companies or of a holding company of the Company who are Promoters of the company or belong to the Promoter Group of the company.
- 8.2 “Eligible employees” shall means such Employees as are shortlisted by the Committee for Grant of Options under this Plan and shall to the extent, permitted by Applicable Laws any other categories of personnel identified by the Committee, from time to time.
- 8.3 The Nomination, Remuneration and Compensation Committee may consider the position and responsibilities of the employee, period of service, the nature and value to the Company of the employee’s services and accomplishments, the employee’s present and potential contribution to the success of the Company, the remaining period of employee’s service with the Company, performance link parameters and/ or any such other criteria that may be determined by the Nomination, Remuneration and Compensation Committee in its sole discretion.
- 8.4 Under the scheme applicable for L1 and L2 category employees, the Eligible Employees who fall under the category of Level L1and L2 shall be granted Employee Stock Options and Performance Based Restricted Stock Unit as described in Clause 10.2 below. The Performance Based Restricted Stock Units shall Vest subject to achievement of such performance conditions as the Compensation Committee may prescribe. If the performance target has been met by the Company within the prescribed time as per the Grant Letter, then the Performance Based Restricted Stock Units shall Vest and the Eligible Employee will be eligible for equal number of Shares subject to necessary Exercise, else entire Performance Based Restricted Stock Units shall lapse.
- 8.5 Under the scheme applicable for L3, L4 and L5 category employees, the Eligible Employees who fall under the category of L3, L4 and L5 shall be granted Employee Stock Options as described in Clause 10.2 below.

8.6 Under the scheme applicable for L1 to L7 category employees, the Eligible Employees who fall under the category of L1 to L7 shall be issued shares under the Employee Stock Purchase Scheme as described in Clause 10.4 below.

9. COMMUNICATION OF GRANT OF OPTIONS AND ACCEPTANCE OF GRANT

- 9.1 The Committee shall Grant necessary Options / issue shares under the applicable Scheme to the Eligible Employees in accordance with terms and conditions of the Plan for the time being in force. Such Grant / issue shall be communicated by way of a grant letter.
- 9.2 Each Option / unit, upon Exercise, will entitle the Eligible Employee to 1 (one) Share.
- 9.3 An Eligible Employee who has been granted Options / Units under this Plan and who wishes to accept the Grant, must deliver an acceptance form, in the form and manner as may be decided by Nomination, Remuneration and Compensation Committee to the Company with a copy to Trust, on or before the Closing Date stated in the Grant Letter.
- 9.4 Any Eligible Employee who has been granted Options / Units under this Plan and who fails to return the Acceptance Form on or before the Closing Date shall unless the Committee determines otherwise, be deemed to have rejected the Grant. Any Acceptance Form received after the Closing Date shall not be valid. No amount shall be payable by an employee at the time of grant of Options.

10. VESTING OF OPTIONS / UNITS / SHARES

- 10.1 Subject to the terms contained herein, the acceptance of a Grant by an Eligible Employee in accordance with Clause 9.4 above, shall bind such Eligible Employee to terms and conditions of this Plan.
- 10.2 The Vesting conditions in respect of the Options granted under the Employee Stock Option Plan shall be as determined by the Committee from time to time. Upon commencement of this Plan, subject to terms and conditions of this Plan, the Options granted to Eligible Employees shall Vest as per the schedule (“**Vesting Schedule**”) determined by the Committee at the time of grant but the Vesting Schedule shall not be less than one year from the date of grant of Options and not more than five years from the date of grant of options. At the stage of determining the grant, the Committee may or may not consider performance based vesting of the Options.
- 10.3 The Vesting conditions in respect of the Units granted under the Restricted Stock Unit Plan shall be as determined by the Committee from time to time. Upon commencement of this Plan, subject to terms and conditions of this Plan, the Units granted to Eligible Employees shall Vest as per the schedule (“**Vesting Schedule**”) determined by the Committee at the time of grant but the Vesting Schedule shall not be less than one year from the date of grant of Units. At the stage of determining the grant, the Committee may or may not consider performance based vesting of the Units.
- 10.4 The lock-in period on the shares issued under the ESPS shall be decided by the Committee from time to time but shall not be less than one year from the date of issue.

- 10.5 The Shares allotted to the employees pursuant to exercise of Options / RSU's will not be subject to any lock-in period and can be freely sold by an employee.
- 10.6 The Eligible Employee shall not have any right to receive any dividend or to vote in respect of Options granted to him, till the Shares are purchased by the Eligible Employee upon Exercise of the Option.

11. EXERCISE

- 11.1 Unless otherwise determined by the Committee, the Exercise Price shall be as follows:
 - 11.1.1 Employee Stock Options under the ESOP: Prevailing fair market value of per share, i.e., the closing market price of the share of the Company as on the National Stock Exchange of India immediately prior to the date of grant.
 - 11.1.2 Performance Based Restricted Stock Units under the RSUP: Par value of the share of the Company, i.e., Re.1
 - 11.1.3 The Shares under the ESPS will be issued at a 15% discount to the closing market price of the share of the Company as on the National Stock Exchange of India immediately prior to the date of issue.
- 11.2 The Vested Options / Units shall be exercisable on payment of Exercise Price, according to the terms and conditions as determined and set forth under the Plan.
- 11.3 The Eligible Employee, who wishes to Exercise Options / Units, shall intimate such desire to Exercise Options / Units to Trust by way of an intimation letter, in the form and manner as may be decided by Nomination, Remuneration and Compensation Committee. At this stage, the Eligible Employee need not pay the Exercise Price in respect of the Options / Units to be exercised.
- 11.4 The Trust would bunch together all intimations received during a Quarter and based on all the Intimation Letters received by the Trust during the relevant quarter, the Trust shall, within 7 working days of the end of each relevant quarter, place a request with the Company in such form and manner as may be prescribed, for issue of such numbers of Shares to Trust for transfer to Eligible Employees.
- 11.5 The Company shall, upon receipt of Request Letter, shall undertake necessary formalities to issue such number of Shares to the Trust as soon as possible but not later than 15 working days from the receipt of the Request Letter. Once the Trust has been issued the Shares by the Company, it shall call upon the Eligible Employee to pay the Exercise Price and the Eligible Employee shall pay the same to the Trust.

Illustration: An Eligible Employee intimates the Trust of his desire to exercise his options during the month of January. Another Eligible Employee does so in March. Based on this and other intimations received during the Quarter of January to March, the Trust shall within 7 working days of the end of the Quarter, i.e., by 31st March + 7 working days, place a consolidated request with the Company. The Company shall issue the relevant shares

latest by 15 working days from the receipt of the Request Letter, i.e., by 31st March + 7 working days + 15 working days.

- 11.6 The Exercise of an Option / Unit shall take place only when the Trust receives the total amount of Exercise Price, if applicable, for transfer of Shares against the Options / Units granted, in the form and manner as may be decided by Nomination, Remuneration and Compensation Committee from the Eligible Employee or his Beneficiary. The payment, if any, shall be made by way of demand draft / wire transfer drawn in favour of the Trust or such other entity as the Committee may specify while making such Grant. Pursuant to receipt of Exercise Price, the Trust shall ensure that such number of Shares for which Exercise is made by the Eligible Employee, shall be transferred by the Trust to the Eligible Employees within 5 working days from the receipt of purchase price.
- 11.7 Alternatively, the Company may, in one or more tranches, issue the Shares to the Trust in advance. In such an event, the Trust would ask the Eligible Employee to pay the Exercise Price along with the Exercise Letter which he writes to the Trust. The payment and other terms would be as described in Clause 11.6 above.
- 11.8 Subject to Clause 13, the Eligible Employee can Exercise the Vested Options / Units within the Maximum Exercise Period which shall be 5 years from the Vesting Date (with the relevant Vesting Date being included for the purposes of calculation). Exercise may be made by Eligible Employee in full or in part or in tranches, provided that no fraction of a Vested Option shall be exercisable in its fractional form.
- 11.9 The Shares issued by the Company from time to time shall rank pari-passu in all respects with the issued Shares of the Company.
- 11.10 Subject to Clause 13, the Eligible Employee alone can exercise the Vested Option / Units.

Notwithstanding anything else contained in this Plan, if the Eligible Employee or the Beneficiary, as the case may be, does not Exercise his Vested Options /Units within the specified time frame, then the Options granted to such Eligible Employee shall lapse. All Options that have lapsed (including those having lapsed by way of forfeiture) shall be added back to the number of Options that are pending to be granted or allotted. The Company may grant such Options within the overall limits of the Plan.

12. RESTRICTIONS ON TRANSFERABILITY

No Option / Units may be sold, given, transferred, assigned, pledged or otherwise hypothecated in any manner, and any attempted transfer in violation of these prohibitions will be void *ab initio* and not enforceable against the Company.

13. TERMINATION OF EMPLOYMENT

13.1 On death of Eligible Employee

In the event of death of Eligible Employee while in employment, all the Options / Units granted to him including the performance restricted stock units, if any, till such date shall vest in the Beneficiary of the deceased Eligible Employee.

All the Vested Options / Units shall be permitted to be Exercised by the Beneficiary within 6 (six) months from the date of death of the Eligible Employee, unless otherwise specifically permitted by the Trust on a written request regarding the Exercise by the Beneficiary.

13.2 On disability of Eligible Employee

In the event the termination of Eligible Employee's employment with the Company is as a result of his Permanent Incapacity, all the Options / Units granted to him shall vest in Eligible Employee on the Termination Date.

All the Vested Options / Units shall be permitted to be Exercised by the Eligible Employee within 6 (six) months from the date of his Permanent Incapacity, unless otherwise specifically permitted by the Trust on a written request regarding the Exercise by the Beneficiary (for or on behalf of the Eligible Employee). If the Eligible Employee is not in a medical conditions to Exercise his Vested Options / Units, a medical certificate to the said effect shall be produced with the Exercise Letter along with an indemnity letter.

13.3 On attainment of superannuation age

In case the service of the Eligible Employee with the Company is terminated due to retirement on superannuation, all the Unvested Options / Units shall Vest immediately as on the Termination Date.

All the Vested Options / Units shall be permitted to be exercised by the Eligible Employee within 10 (ten) years from the Termination Date. However, under no circumstances, the Exercise of the Vested Options / Units shall take place beyond the Exercise Period, unless specifically permitted by the Trust on a written request regarding the same by the Eligible Employee.

13.4 Termination with Cause

In case the services of Eligible Employee with the Company is terminated for Cause (i.e. negligence, fraud, professional misconduct, moral turpitude etc), the Options / Units (whether Vested or not) shall lapse on the Termination Date.

If an Eligible Employee is suspended or a show cause notice has been issued to an Eligible Employee or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any Cause, all the Options / Units granted to such Eligible Employee, may be suspended or kept in abeyance or cancelled at the sole discretion of the Committee. In case of the Grants that have been suspended or kept in abeyance, the same may be acquired by the concerned Employee only after the Committee specifically permits and on such additional terms and conditions, as may be imposed by the Committee in its absolute discretion. It is further provided that in case of such a situation, the Committee may direct that the Vesting and/or Exercise of Options / Units be suspended till the conclusion of the said enquiry / proceedings.

13.5 Other terminations

In case of cessation of employment of the Eligible Employee for reasons other than those specified in above:

- 13.5.1 All the Vested Options/ Units as on the Termination Date may be permitted to be Exercised by the Eligible Employee before the expiry of the Exercise Period. Any Vested Option/ Unit not Exercised within the Exercise Period shall lapse and stand forfeited at the end of the Exercise Period.
- 13.5.2 All the Unvested Options / Units on the Termination Date shall lapse and stand forfeited.

13.6 Long Leave

Long leave of the Eligible Employee, taken with approval of the human resources (HR) department of the Company, shall not have any effect on the Plan as applicable to the Eligible Employee, unless otherwise decided by the Committee.

13.7 Removal of Director

In case the Eligible Employee is a director of the Company and in the event of his removal as a director with the Company for any reason, including vacation of office, disqualification or not being re-appointed, other than death, Permanent Incapacity, resignation and superannuation, such director may, within 30 (thirty) days from the Termination Date, Exercise his Vested Options / Units. The Unvested Options / Units of such director as on the Termination Date shall lapse.

The provisions of Clause 13.1 to 13.5 shall apply in case of termination of directorship on account of death, Permanent Incapacity, resignation and superannuation and other cases, as may be applicable.

14. **NOMINATION**

Each Eligible Employee under the Plan shall nominate, in the form and manner as may be decided by Nomination, Remuneration and Compensation Committee from time to time, a Beneficiary (ies) to whom any benefit under the Plan is to be delivered in case of his death during employment with the Company. Each such nomination shall revoke all prior nominations by the same Eligible Employee, and shall be in a form prescribed by the Company and will be effective only when filed by the Eligible Employee in writing with the Company during the Eligible Employee's lifetime. In the event of any dispute with regard to nominations, the last nomination provided by the Eligible Employee shall be regarded as final nomination and shall be binding. Upon delivery of the benefits, if any, to such Beneficiary, the Company's liability for delivery of such benefits shall stand discharged.

15. **CORPORATE ACTION**

In the event of corporate action such as bonus issue, rights issue, stock split, merger, de-merger, transfer of undertaking, sale of a division or any such capital or corporate restructuring, the Committee, in consultation with the Trust, subject to the provisions of the Plan, the number of Options / Units (Vested as well as Unvested) or the Exercise Price in respect of the Options / Units or both the number and the Exercise Price, may, but subject to the applicable rules and regulations, be determined to be such number and/or Exercise Price as is appropriate in accordance with the Applicable Laws.

16. **ADMINISTRATION OF THE PLAN**

The Plan will be administered under the supervision of the Committee, by the **HFCL Employees' Trust** set up by the Company or any other trust ("**Trust**") as may be

decided and set up by the Company. The Trust shall comply with Applicable Laws, including but not limited to incorporation of such provisions in the trust deed as are mandated by SEBI and/or other regulators/ Government Authorities.

17. ROLE OF THE COMMITTEE

- 17.1 The Committee shall be fully empowered to implement the Plan to establish, amend and rescind any further rules and regulations relating to implementation not inconsistent with this Plan, and to make any other determinations which it deems necessary or desirable for the administration of the Plan including but not limited to the following:
- 17.1.1 identify the Eligible Employees to participate under the Plan and Schemes applicable to such Eligible Employee;
 - 17.1.2 determine the number and timing of Options/ Units/shares to be granted to such Eligible Employee and in aggregate, subject to the ceiling specified herein;
 - 17.1.3 determine the Grant Date, Exercise Period and Exercise Date;
 - 17.1.4 determine the terms and conditions including price for Exercising the Vested Options / Units/shares and any modifications thereto;
 - 17.1.5 determine the terms and conditions, not inconsistent with the terms of the Plan, of any Option / Unit granted hereunder;
 - 17.1.6 determining the Exercise Price, lock-in, performance evaluation criteria's and performance conditions and period;
 - 17.1.7 determine the procedure for making a fair and reasonable adjustment to the number of Options / Units/shares and to the Exercise Price in case of any corporate action(s) such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of a division or any such capital or corporate restructuring;
 - 17.1.8 determine the procedure for cashless Exercise, if required;
 - 17.1.9 determine the Grant, Vesting and Exercise of options / Units/shares in case of Eligible Employees who are on long leave;
 - 17.1.10 determine the conditions in which Vested Options / Units/shares or Unvested Options / Units/shares may be withdrawn or reduced;
 - 17.1.11 determine the treatment of the Options / Units/shares held by a Eligible Employee in case of suspension/termination of services or in case of any inquiry for a Cause in relation to that Eligible Employee;
 - 17.1.12 to make arrangements for listing and trading of the Shares issued under the Plan, on the stock exchanges on which the Shares of the Company are listed;
 - 17.1.13 supervise the Trust, and resolve any issue that arises in the operationalisation of the Plan through the Trust, if any, and to direct the Trust as and when required for smooth and proper operationalisation of the Plan, as per the Applicable Laws; and
 - 17.1.14 perform such other functions and duties as shall be required under the Applicable Laws including to frame such policies as may be required under Applicable Laws.

17.2 The Board and/or Committee shall have full power and authority to extend the Vesting Schedule and/ or Exercise Period in respect of any Grants under this Plan, as they may deem appropriate.

17.3 The Committee may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any Grant in the manner and to the extent the Committee deems necessary or desirable to carry it into effect.

Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final and binding on all parties concerned including the Trust. No member of the Committee and no officer of the Company and no trustee of the Trust shall be liable for anything done or omitted to be done by him, by any other member of the Committee or by any officer of the Company or by any other trustee in connection with the performance of duties under this Plan, except as expressly provided under Applicable Laws.

17.4 The Committee shall implement the Plan and resolve any issue pertaining thereto keeping in view the purpose of the Plan to reward the employees while ensuring the creation of value for shareholders.

18. METHOD OF VALUATION AND WITHHOLDING TAX

18.1 The Company shall comply with the disclosure requirements in relation to the Plan as prescribed under the Companies Act, 2013, SEBI Regulations and such other guidelines, circulars, clarifications, notifications etc., as may be issued by SEBI and any other appropriate authority from time to time.

18.2 The Company shall comply with the requirements of the applicable Indian Accounting Standards regarding accounting of employee benefits under this Plan.

18.3 The Company is entitled to deduct the perquisite tax from the salary payable to the Eligible Employees upon Exercise of Options / Units and /or subscription to shares by them.

19. LOAN/ FINANCIAL ASSISTANCE FROM THE COMPANY

Subject to the applicable provisions of the Companies Act, 2013, or any other law for the time being in force, the Company may provide such money either as loan or financial assistance or otherwise, to the Trust for purchase/acquisition of the Shares and/ or for any other permitted purposes, as the Company may consider appropriate from time to time.

20. REGULATORY APPROVALS & COMPLIANCES (DISCLOSURES)

20.1 The implementation of the Plan, the grant of any Options under the Plan and the issue of any Shares under this Plan shall be subject to the procurement by the Company and the Employees of all approvals and permits required by any Governmental Authorities having jurisdiction over the Plan, the Options and the Shares issued pursuant thereto.

20.2 The Employees under this Plan will, if requested by the Trust, provide such assurances and representations to the Company or the Trust, as the Trust may deem necessary or desirable to ensure compliance with all Applicable Laws and accounting requirements.

- 20.3 The inability of the Company to obtain authority from any Governmental Authority having jurisdiction, or under any Applicable Laws for the lawful issuance and allotment of any Shares hereunder shall relieve and wholly discharge the Company and the Trust of any and all liability in respect of the failure to issue or sell such Shares.
- 20.4 The Company, Trust and the Eligible Employees shall make all requisite disclosures regarding this Plan and the acquisition of shares pursuant thereto to the Governmental Authorities as may be mandated under Applicable Laws.

21. GOVERNING LAW & JURISDICTION

Subject to the foregoing, this Plan and any disputes arising out of, in connection with or relating to this Plan shall be subject to Laws of India and to the exclusive jurisdiction of courts at New Delhi.

22. DISPUTE RESOLUTION

- 22.1 In the event of a dispute arising out of or in relation to the provisions of this Plan (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement.
- 22.2 In case of failure in reaching an amicable settlement, either party may refer the dispute to the sole arbitrator appointed by the Company for arbitration. The arbitration proceeding shall be held in New Delhi and in English language under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The award of the sole arbitrator shall be a reasoned award in writing and shall be final and binding. The sole arbitrator shall also decide on the costs of the arbitration proceedings.

23. PLAN SEVERABLE

Any term of the Plan that is contrary to the requirement of the SEBI Regulations or any other Applicable Laws shall not apply to the extent it is contrary, but the rest of the plan and terms shall continue to be applicable.

24. NOTICES AND CORRESPONDENCE

- 24.1 Any notice required to be given by Eligible Employee to the Company or the Trust or any correspondence to be made between Eligible Employee and the Company or the Trust may be given or made to the Company at the registered office/corporate office of the Company or to the Trust, at the registered office of the Trust.
- 24.2 Any notice, required to be given by the Company or the Trust to Eligible Employee or any correspondence to be made between the Company or the Trust and Eligible Employee shall be given or made by the Company or the Trust at the address last provided by the Eligible Employee in records maintained by the human resources department of the Company.

25. RISK FACTORS

- 25.1 Participation in the Plan shall not be construed as any guarantee of return on the equity investment.
- 25.2 Investment in equity and related securities involve a degree of risk and Eligible Employee should not invest any funds in securities unless they can afford to take the risk of losing their investment. For taking a decision to purchase/acquire the Shares, the Eligible Employee must rely on their own evaluation of the Company including the risks involved.

26. MISCELLANEOUS PROVISIONS

- 26.1 Unless the Options / Units are granted to the Eligible Employee, neither the adoption of the Plan nor any action of the Board or the Committee or the Trust or the shareholders of the Company shall be deemed to give an Eligible Employee, any right to claim or be granted any Option / Units or a right to acquire Shares under the Plan.
- 26.2 This Plan shall not form part of any contract of employment between the Company and an Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this Plan or any right which he may have to participate in it and this Plan shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason. It is clarified that nothing contained herein or in the Grant Letter shall give or confer upon the Eligible Employee, any right for continuation of any employment with the Company or interfere in any way with the right of the Company to terminate the employment of such Eligible Employee.
- 26.3 This Plan shall not confer on any person any legal or equitable rights against the Company, the Committee, Trust or its trustee(s) directly or indirectly or give rise to any cause of action at law or in equity against the Company / Committee / Trust / its trustee(s).
- 26.4 The Employee shall comply with the provisions of Applicable Laws including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003 as well as any Code of Conduct or such similar policies, procedures or systems formulated or adopted by the Company, the Committee, the Trust or the Trustee(s). Any violation of the Applicable Laws or Code of Conduct may result in cancellation of all Vested and Unvested Options / Units as well as subject the Employee to disciplinary action at the discretion of the Company.
- 26.5 The Company shall bear the costs of establishing and administering this Plan, including any costs of the Company's auditors or any independent financial advisor in relation to the preparation of any confirmation by them or provision of any other service in relation to this Plan.
- 26.6 The Eligible Employee shall obtain all necessary consents that may be required to enable him to accept the Grant and the Trust to issue to him in accordance with the provisions of this Plan, the Shares due to be transferred

upon the exercise of his Vested Options/ Units. The Eligible Employee is deemed to have represented to the Company or the Trust that he has obtained all such consents.

- 26.7 The existence of this Plan and the Grants made hereunder shall not in any way affect the right or the power of the Company to make or authorize any change in capital structure (including any issue of shares, debt or other securities having any priority or preference with respect to the then existing Shares (including Shares underlying the Options/ Units) or the rights thereof) or to prevent the Company from taking any corporate action or change its capital structure which is deemed by the Company to be appropriate or in its best interest.
- 26.8 The acceptance of the Grant is entirely voluntary and the Company or the Trust does not guarantee any return on Shares.
- 26.9 If the Company issues bonus shares or rights shares, the Eligible Employee shall not be eligible for the bonus or rights shares in the capacity of a holder of Options, except that the entitlement to the number of Options/ Units may be adjusted in terms of Clause 15. Only if the Options / Units are Vested and Exercised and the Eligible Employee is a valid holder of the Shares, the Eligible Employee would be entitled for bonus or rights shares of the Company.

27. AMENDMENT OR TERMINATION OF THE PLAN

- 27.1 Subject to the Applicable Laws, the Board / Committee in its absolute discretion may from time to time amend, alter or subject to Clause 3, terminate the Plan or any grant prior to the exercise or the terms and conditions thereof, provided that no amendment, alteration or termination in any Option be made, which would impair or prejudice the rights of the Eligible Employees.
- 27.2 The Board / Committee will not, without the approval of the shareholders, amend the Plan to increase the aggregate number of Shares which may be issued pursuant to the provisions of the Plan.
- 27.3 Without prejudice to the above, the Board/ Committee may, without any reference to or consent of the Eligible Employee, amend the Plan or award or any agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this Plan.

28. CONFIDENTIALITY

The Eligible Employee shall not divulge the details of the Plan and/ or his holdings to any person except with the prior written permission of the Committee unless so required to do under any statutes or regulations applicable to such Employee.

SCHEDULE A

DEFINITIONS AND CONSTRUCTION

1. Definitions

In this Plan, except where the context otherwise requires, the following expressions or terms shall have the meanings set out below:

- 1.1. “**Acceptance Form**” shall have the meaning ascribed to it in Clause 9.4 of the Plan.
- 1.2. “**Applicable Laws**” shall mean all applicable laws, bye-laws, statutes, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgments, awards, decrees or official directive of any court of competent authority or of any competent Governmental Authority or person acting under the authority of any court of competent authority or of any competent Governmental Authority of the Republic of India, as amended and modified from time to time, and includes regulations, rules, guidelines issued by the Securities and Exchange Board of India.
- 1.3. “**Beneficiary(ies)**” shall mean the person, persons, trust or trusts designated by the Eligible Employee or in the absence of any designation by the Eligible Employee, a person or persons who is/ are entitled by the will of the Eligible Employee to receive the benefits specified in the Plan, the legal heirs of the Eligible Employee, if the Eligible Employee dies intestate and includes his executors or administrator, if no other beneficiary is designated and able to act under the circumstances and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the nomination form in the exercise of any powers conferred under the Plan or any other agreements forming part thereof.
- 1.4. “**Board**” means the board of directors of the Company or any committee.
- 1.5. “**Cause**” shall mean negligence, fraud, professional misconduct, breach of trust, moral turpitude, committing or abetting any illegal activity, violating any Company policy or terms of employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.
- 1.6. “**Closing Date**” shall mean the last date on which the Eligible Employee is required to convey his acceptance of the Grant.
- 1.7. “**Committee**” or “Compensation Committee shall mean the Nomination, Remuneration and Compensation Committee of such members of the Board as provided under Section 178 of the Companies Act, 2013, as amended or modified from time to time for the purpose of regulating and implementing this Plan.
- 1.8. “**Company**” shall mean Himachal Futuristic Communications Limited, a company limited by shares, incorporated under the Companies Act, 1956 having its registered office at 8 Electronics Complex, Chambaghat, Solan, Himachal Pradesh – 173213.

- 1.9. **“Companies Act”** means The Companies Act, 2013 and includes any statutory modifications or re-enactments thereof or any other statutes that substitutes/ replaces the Companies Act, 2013.
- 1.10. **“Effective Date”** shall have the meaning ascribed to it in Clause 3 of the Plan.
- 1.11. **“Employee(s)”** and **“Eligible Employee(s)”** shall have the meaning ascribed to it in Clause 8.1 and Clause 8.2 of the Plan.
- 1.12. **“SEBI”** shall mean Securities Exchange Board of India.
- 1.13. **“SEBI Regulations”** shall mean shall mean SEBI (Share Based Employee Benefits) Regulations, 2014 as amended or re-enacted from time to time.
- 1.14. **“Trust”** shall have the meaning ascribed to it in Clause 16 of the Plan.
- 1.15. **“Exercise”** shall mean making of an application by the Eligible Employee to the Trust for issue/transfer of Shares against the Vested Options in such Eligible Employee and payment of the Exercise Price, in accordance with Clause 11.
- 1.16. **“Exercise Date”** shall mean the date on which the Eligible Employee Exercise his Vested Options and in case of partial Exercise, means each date on which the Eligible Employee Exercise part of his Vested Options.
- 1.17. **“Exercise Letter”** shall have the meaning ascribed to it in Clause 11.10 of the Plan.
- 1.18. **“Exercise Period”** shall mean period provided in Clause 11.8 within which the Eligible Employee or his Beneficiary shall Exercise his right to apply for Shares against the Vested Options / Units.
- 1.19. **“Exercise Price”** shall have the meaning ascribed to it in Clause 11.1 of the Plan.
- 1.20. **“Financial Year”** shall mean the financial year of the Company;
- 1.21. **“Governmental Authority (ies)”** shall mean any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof.
- 1.22. **“Grant”** shall mean the grant of Options/ Units to an Eligible Employee pursuant to this Plan which such Eligible Employee is entitled to seek allotment or transfer thereof, upon payment of the Exercise Price, and other terms and conditions herein.
- 1.23. **“Grant Date”** shall mean the date of the Grant of Options / Units to an Eligible Employee pursuant to the plan during the subsistence of the said plan, which such Eligible Employee is entitled to seek allotment or transfer thereof, upon payment of the Exercise Price, and other terms and conditions herein.
- 1.24. **“Grant Letter”** shall mean the letter by which Grant is communicated to the Eligible Employee under Clause 9.1.
- 1.25. **“Intimation Letter”** shall have the meaning ascribed to it in Clause 11.3 of the Plan.

- 1.26. **“Option(s)”** shall mean a right, but not an obligation granted to the Eligible Employee pursuant to the Employee Stock Option Plan under this Scheme to purchase Shares of the Company at the Exercise Price subject to terms and conditions of the Plan.
- 1.27. **“Permanent Incapacity”** shall mean any disability of whatsoever nature be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Eligible Employee from performing any specific job, work or task which the said Eligible Employee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Committee.
- 1.28. **“Plan”** shall have the meaning ascribed to it in Clause 1 of the Plan.
- 1.29. **“Promoter(s)”** shall have the meaning ascribed to it under the SEBI Regulations.
- 1.30. **“Promoter Group”** shall have the meaning ascribed to it under the SEBI Regulations.
- 1.31. **“Relative(s)”** shall mean the same ascribed to it under the Companies Act, 2013.
- 1.32. **“Share(s)”** shall mean an equity share of the Company having a face value of Rs. 1 (Rupees one).
- 1.33. **“Stock Option”** shall mean options granted to an Eligible Employee which will Vest as per the Vesting Schedule.
- 1.34. **“Stock Unit”/ “Restricted Stock Unit”** shall mean an Unit granted to an Eligible Employee under the Restricted Stock Unit Plan under this Scheme which will Vest upon successful fulfilling the performance target.
- 1.35. **“Termination Date”** shall mean the date of cessation of employment of the Eligible Employee with the Company for any reason whatsoever, including death, superannuation, Permanent Incapacity, etc.
- 1.36. **“Unvested Option/ Unit”** shall mean an Option/Unit, which is not a Vested Option/Unit.
- 1.37. **“Vested Option/Unit”** shall mean an Option/Unit, which has been vested in the Eligible Employee as per Clause 10 and has thereby become Exercisable.
- 1.38. **“Vest” or “Vesting”** shall mean the process by which the Eligible Employee is given the right to apply for Shares against the Option / Unit granted to him in pursuance of the Plan.
- 1.39. **“Vesting Date”** means the date on which the respective Options / Unit will vest in the Eligible Employee.
- 1.40. **“Vesting Schedule”** shall have the meaning ascribed to it under Clause 10.2 hereof.

2. Construction

Unless the context otherwise requires:

- 2.1. The headings/ sub-headings/ titles/ sub-titles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Clauses, which shall be interpreted solely in light of the contents thereof.
 - 2.2. Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
 - 2.3. Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
 - 2.4. The term 'including' shall mean 'including without limitation', unless otherwise specified.
 - 2.5. Words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.
 - 2.6. All references in this Plan to statutory provisions shall be construed as meaning and including references to:
 - (a) any statutory modification, consolidation or re-enactment made after the date of this Plan and for the time being in force;
 - (b) all statutory instruments or orders made pursuant to a statutory provision; and
 - (c) any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.
- 3.** The terms not defined in this Plan shall have the meanings as defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or the SEBI Regulations, or in any statutory modifications or re-enactments thereof, as the case may be.