



BHARTI AIRTEL LIMITED

The Employee Stock Option Scheme 2005

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THE ESOP SCHEME 2005

Employees Stock Options have long been recognized internationally, as an effective instrument to align the interest of employees with those of the Company and its shareholders, provide an opportunity to employees to share in the growth of the Company and create long-term wealth in the hands of the employees.

Stock Options create a sense of ownership between the Company and its employees, paving way for a unified approach to the common objective of enhancing overall shareholders value.

Stock Options provide for tax-efficient, performance linked rewards to employees, and serve as an important means to attract, retain and motivate the best available talent for the Company.

From the Company's perspective, Stock Options provide an opportunity to optimize personnel costs by allowing for an additional, market-driven, mechanism to attract, retain, compensate and reward employees.

This document sets out the features of the ESOP Scheme 2005 of the Company, the benefits accruing to the employees under the Scheme, the duties and responsibilities of the beneficiaries and also the procedures to be followed. The document also serve as a reference for the administration of the ESOP. This document should be carefully read and understood and the procedures prescribed need to be diligently observed for availing the benefits under the Scheme.

This document is not in the nature of a legal contract and the same needs to be understood in common commercial parlance.

This is a confidential document and should be treated as such by all.

1. OBJECTIVE & IMPLEMENTATION OF THE ESOP SCHEME

Bharti has always believed in rewarding its employees for their continuous hard work, dedication and support, which has led the Company on a growth path. To enable more and more employees to enjoy the fruits of the phenomenal growth that the Company has witnessed in the recent past, it is proposed to implement the ESOP Scheme - 2005.

The main objective of this Scheme is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance thereby acting as a retention tool.

This ESOP Scheme comes into force on September 6, 2005 i.e. the date of Tenth Annual General Meeting in which the approval of Shareholders is sought for the ESOP Scheme 2005.

The Scheme has been amended by the Shareholders on October 26, 2007, April 10, 2015, July 24, 2017 and August 12, 2022.

This Scheme may be withdrawn at any time after June 1, 2007 by the HRC.

2. DEFINITIONS

Unless the context otherwise requires, the following words / Phrases will have following meaning;

- 2.1 **“Applicable laws”** means the legal requirements relating to Stock Option Scheme, including, without limitation, the tax, securities or corporate laws of India, regulation / Listing Agreement with any stock exchange where the Shares of the Company are listed or quoted.
- 2.2 **BHARTI** shall mean Bharti Airtel Limited or any of its holding or subsidiary Company or any of its successors.
- 2.3 **“Board”** means the Board of Directors of the Company.
- 2.4 **“The Company” or “BAL”** means Bharti Airtel Limited, incorporated under the Companies Act 1956, having its registered office at Airtel Center Plot No. 16, Udyog Vihar, Phase-IV, Gurugram – 122015 and assignees.
- 2.5 **“HR & Nomination Committee” or “the HRC”** means a Committee constituted by the Board under the provisions of the Securities & Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 or any other law for the time being in force, which would administer the ESOP Scheme 2005.
- 2.6 **“ESOP Trust”** means existing Bharti Airtel Employees Welfare Trust created vide Trust Deed dated 31st Day of March 2001 and having its Office at Bharti Crescent 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi – 110070, India or such other trust as may be formed and designated by the Company for the administration of the ESOP Scheme 2005..
- 2.7 **“The ESOP Scheme – 2005 ” or “The Scheme”** means the Employee Stock Option Scheme, 2005, of the Company under which BAL grants option to employees.
- 2.8 **“Employee”** means
- a) An employee as designated by the Company, who is exclusively working in India or outside India; or
 - b) a Director of the Company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group (if any), but excluding Independent Director; or
 - c) an employee as defined in sub-clauses (a) or (b) of a subsidiary or holding company, in India or outside India, but shall not include:
 - (i) an employee who is a promoter or a person belonging to the Promoter Group, if applicable, or
 - (ii) A director, who either by himself or through his relatives or through any other body corporate directly or indirectly holds more than 10% of the outstanding equity Share Capital of the Company

An employee will not cease to be an employee in case of any leave of absence approved by the Company or transfers between the Company, its parent and

subsidiary.

- 2.9 **“Exercise”** means making of a valid application in writing by the employee to the Company for issue / transfer of shares against options vested in him / her in pursuance of the Scheme upon payment of the Exercise Price.
- 2.10 **“Exercise Period”** means the time period after Vesting Period within which the employee can exercise his right to apply for shares against the options vested in him / her under the ESOP Scheme.
- 2.11 **“Exercise Price”** means the price payable by the employee for exercising the option granted to him in pursuance of the Scheme.
- 2.12 **“Fair Value”** Fair Value of any option means fair value calculated in accordance with schedule III of the Guidelines.
- 2.13 **“Grant”** means issue of options to employees under the ESOP Scheme.
- 2.14 **“Grant Date”** means the date fixed by the HRC, to be the date on which the benefits under the Scheme is extended to any employee.
- 2.15 **“Independent Director”** means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group.
- 2.16 **“Misconduct”** includes an act of omission or commission by any employees established to be a serious contravention of the terms of appointment of the employee and / or an act of moral turpitude.
- 2.17 **“Nominee” or “Nominees”** means the spouse, any child of the employee, parents or any other person nominated by the employee.
- 2.18 **“Option”** means right but not an obligation given to an employee to purchase or subscribe at a future date, the securities offered by the Company at a pre-determined price.
- 2.19 **“Optionee”** means the Employee having right but not an obligation to exercise Options as per the provisions of the ESOP Scheme.
- 2.20 **“Permanent incapacity” or “permanent incapacitation”** refers to a disability suffered by the employee that renders him/her unable to discharge his /her responsibilities as a full-time employee.
- 2.21 **“The Guidelines” or “ESOP Guidelines”** means the Securities & Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and any other law, for the time being in force.
- 2.22 **“Promoter”** means
- a) The person or persons who are in over-all control of the Company;
 - b) The person or persons who are instrumental in the formation of the Company or program pursuant to which the shares were offered to the public;
 - c) The person or persons named in the offer document as promoter(s);

Provided that a director or officer of the Company, if they are acting as such only in

their professional capacity will not be deemed to be a promoter.

Explanation “ Where a promoter of a company is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of the company.

- 2.23 **Promoter Group**” means (a) immediate relatives of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the Offer document “Shareholding of the Promoter Group”.
- 2.24 **“Stock Exchange”** means the Stock Exchange(s) in India recognized by the Securities and Exchange Board of India.
- 2.25 **“Securities”** means Securities as defined in Clause (h) of Article 2 of the Securities Contracts (Regulation) Act 1956 and includes hybrid derivatives and units or any instruments, which entitles the owner to be allotted any kind of property or payment of money in lieu at a future date.
- 2.26 **“Share”** means equity shares and securities convertible into equity shares and includes American Depository Receipts (ADRs), Global Depository Receipts (GDRs), other depository receipts, if any, representing underlying equity shares or securities convertible into equity shares of the Company.
- 2.27 **“Vesting”** means the process by which the employee is given the right to apply for shares of the Company against the options granted to him in pursuance of the ESOP Scheme.
- 2.28 **“Vesting Period”** means the period between the Grant Date and Vesting Date of the Option granted to the Employee.
- 2.29 **“Vesting Date”** means the earliest date on which the employee may exercise his / her right to purchase or otherwise have transferred / issued in his / her name the shares pertaining to the vested option to his / her credit.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Guidelines or The Securities and Exchange Board of India Act, 1992 or the Securities Contracts (Regulation) Act, 1956 or the Companies Act 2013, SEBI Guidelines on Disclosure and Investor Protection or any statutory modification or re-enactment thereof, as the case may be.

3. INTERPRETATION

- 3.1 Any dispute, discrepancy or disagreement which may arise under or as a result of or pursuant to or in connection with this Scheme shall be referred to the HRC and the decision / interpretation of the HRC shall be final and binding.
- 3.2 Words employed in the masculine gender shall include the feminine also.
- 3.3 If due to any reason any provision(s)/ clause(s) of this Scheme is rendered unlawful or unenforceable, than the Scheme shall be read as excluding that clause(s) / Provision(s).
- 3.4 For interpretation of this Scheme, the provisions of the Applicable Laws and the Special Resolution read with the Explanatory Statement passed by the Shareholders

in the Annual General Meeting of the Company held on September 6, 2005 shall be taken into consideration.

- 3.5 The Scheme shall be implemented by the HRC under the special resolution passed by the shareholders in their Tenth Annual General Meeting held on September 6, 2005 together with such modification, alteration, amendments as may be made by them from time to time.
- 3.6 This Scheme has been adopted by the Board of Directors of the Company by the resolution passed at its meeting held on July 26, 2005 and by the Shareholders by way of Special Resolution in their meeting held on September 6, 2005 and has been further amended by the Shareholders vide their resolutions dated October 26, 2007, April 10, 2015, July 24, 2017 and August 12, 2022. By way of resolution dated September 6, 2005 and resolution dated August 12, 2022, the Shareholders of the Company have granted their consent to create, grant, issue, transfer, offer and allot such shares not exceeding 46,194,688 shares (0.79% of the paid-up equity capital of the Company as at March 31, 2022) of the Company of the face value of Rs. 5/-each for cash or such adjusted numbers of such face value as may be determined by the Board of Directors (which term shall include any Committee of the Board of Directors to exercise its powers and/or such other persons who may be authorized by the Board of Directors or the Committee of the Board in this regard) due to change in Capital Structure of the Company as result of re-Classification of shares, splitting up of the face value of shares, sub-division of shares, issue of Bonus shares, conversion of shares into other shares or securities of the Company and any other change in the rights or obligations in respect of shares from time to time to the employees of the Company and its holding or subsidiaries whether in India or abroad, under the Scheme.

4. ELIGIBILITY TO PARTICIPATE IN THE ESOP SCHEME

- 4.1 The employees including directors of the Company, its holding or subsidiary Company will be eligible to participate in the ESOP Scheme - 2005.
- 4.2 However the following Employees will not be eligible to participate in the ESOP Scheme 2005:
- (i) Who are either promoter or belong to promoter group as defined in SEBI Guidelines; or
 - (ii) Who either himself or through his relative hold 10% of the outstanding share capital of the Company's equity Share capital at any time after the commencement of this Scheme.
- 4.3 The Company has formal performance appraisal system established wherein the performance of the employees is assessed each year on the basis of various functional and managerial parameters. The appraisal process is revised at regular intervals as per emerging global standards.
- 4.4 The Employees and Directors would be granted Stock Options based on the performance-linked parameters such as work performance, technical knowledge, period of service, designation by the HRC from time to time.
- 4.5 The HRC may also extend the benefits of the ESOP Scheme – 2005 to a new entrant or any existing employee on such other basis as it may deem fit.

5. HR & NOMINATION COMMITTEE

- 5.1 The HR & Nomination Committee of the Board of Directors of the Company shall administer and supervise the ESOP Scheme 2005.
- 5.2 The HRC shall consist of majority of Independent Directors.
- 5.3 The HRC shall meet from time to time for the purpose of administration of the Scheme and shall, *inter alia*, formulate, the detailed terms and conditions of the ESOP Scheme 2005 including:
- a) The quantum of options to be granted under the ESOP Scheme 2005 per employee and in aggregate;
 - b) The conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
 - c) The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
 - d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - e) The right of employees to exercise the vested options at one point of time or at different points of time within the exercise period;
 - f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In the regard the following shall be taken in to consideration by the HRC:
 - (i) The number and the price of Options shall be adjusted in a manner such that the total value of the Options remains the same after corporate action;
 - (ii) For this purpose global best practices in this area including the procedures followed by the derivative market in India and abroad shall be considered;
 - (iii) The Vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders;
 - g) The grant, vest and exercise of option in case of employees who are on long leave;
 - h) The procedure for cashless exercise of options; and
 - i) The determination of the categories of employees who would be eligible to receive options.
- 5.4 The HRC shall also ensure that suitable policies and systems are in place and there is no violation of:
- the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when applicable; and
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by any employee.
- 5.5 The HRC may from time to time frame any regulation(s) or guidelines to ensure proper administration and superintendence of the ESOP Scheme 2005.
- 5.6 The HRC shall discharge these function(s) guided by principles of fairness, impartiality and natural justice.
- 5.7 The HRC shall also perform such acts, deeds and things as may be assigned by the Board of Directors from time to time.
- 5.8 No members of the HRC shall be personally liable for any decision or action taken in

good faith with respect to the ESOP Scheme 2005.

- 5.9 A member of the HRC shall abstain from participating in and deciding on any matter relating to grant of any Option to him.
- 5.10 The Minutes of every meeting of the HRC shall be placed in the next meeting of the Board of Directors of the Company for ratification / confirmation.
- 5.11 The HRC may seek the guidance and clarifications if any required, within the organization or may outsource the external advise in implementing the ESOP Scheme 2005.
- 5.12 The number of the members of the HRC and their powers and functions can be specified, varied, altered or modified from time to time by the Board of Directors subject to SEBI Guidelines and such other rules and regulations as may be in force. The Board may further provide that the HRC shall exercise certain powers only after consultation/ approval of the Board and in such case the said powers shall be exercised accordingly.
- 5.13 The HRC is a subordinate body of the Board of Directors and shall act under the supervision, control and directions of the Board of Directors. Subject to the provisions of the Applicable Laws, the Board of Directors shall be fully entitled to amend, modify, alter, renounce or withdraw any act or omission of the HRC.

6. ESOP TRUST

The Company may opt to administer the Scheme through ESOP Trust. In case the Company opt to administer the Scheme through ESOP Trust, the provisions contained in Section 6.1 to 6.8 would apply:

- 6.1 The ESOP Trust shall be primarily responsible for the following activities:
 - (a) Acquire and hold, the shares of the Company as may be allotted/ acquired from time to time;;
 - (b) Transfer the shares to the Optionee in their respective demat account on receipt of intimation from the Company;
 - (c) Maintenance of true and fair account of the Shares held by it.
 - (d) Submission of Quarterly / Yearly statement containing complete detail of the shares issued to the ESOP Trust by the Company as well as the shares transferred by the ESOP Trust to the Optionee;
 - (e) Such other acts, deeds and things as may be assigned to it from time to time by the HRC;
 - (f) Such acts, deeds and things as mentioned in the Trust Deed.
- 6.2 On approval of the Scheme by, the Board of Directors, Stock Exchanges and such other authorities as may be required under any law for the time being in force, the Board of Directors (including any committee thereof) shall issue and allot such number of shares in one or more tranches to the ESOP Trust as it may deem appropriate provided that the overall issuance / allotment of shares under the Scheme shall not exceed the number of shares specified in Clause 3.6 of this Scheme.
- 6.3 BAL shall allot shares to the ESOP Trust at such price as may be determined by Board of Directors or Committee thereof including ESOP Compensation Committee.
- 6.4 Pursuant to the Provisions of Section 68 or any other provisions of the Companies Act, 2013, the Company shall provide such financial assistance as may be required to the

ESOP Trust to enable it to subscribe the shares of the Company.

- 6.5 The ESOP Trust shall return the amount borrowed from the Company immediately upon receipt of the Exercise Price from the employees upon exercise of option.
- 6.6 The ESOP Trust shall within such period and such time as may be prescribed by the HRC transfer the Shares to the de-mat account of the eligible employees.
- 6.7 The ESOP Trust shall follow such guidelines / directions as may be prescribed / given by the HRC.
- 6.8 (i) The ESOP Scheme 2005 shall be implemented through Bharti Airtel Employees' Welfare Trust (the 'ESOP Trust').
(ii) The ESOP Trust is authorised to continue to hold the existing shares, acquire new shares from the secondary market and to transfer, appropriate or otherwise dispose of such shares and to do all such acts, deeds, matters and things as may be incidental or ancillary in this regard.

7. DESIGNATED OFFICER

- 7.1 The HRC may from time to time appoint such number of Designated Officer(s), as it may deem appropriate.
- 7.2 The Designated Officer shall perform such functions and exercise such power as may be assigned / delegated by the HRC from time to time.

8. QUANTUM OF OPTIONS

- 8.1 The aggregate number of options to be granted under this scheme shall not exceed 0.79% of the paid-up equity capital of the Company as at March 31, 2022 i.e. 46,194,688 Options.
- 8.2 No employee shall be entitled to more than 2,00,000 options in any single fiscal year of the Company.
- 8.3 The HRC shall decide on the exact number of options to be granted to each employee / each class of employee with in this limit.
- 8.4 Each Option would entitle the Optionee to apply for one Equity Share of BAL.
- 8.5 The options mentioned in Clause 8.3 which have been granted whether vested or not shall be adjusted appropriately in case of any change made to the Equity Share Capital of the Company by reason of consolidation, sub-division, or conversion of shares into stock otherwise, so as to reflect such change without in any way affecting the rights of the said option holders. However, if there is a change made in the Equity Share Capital of the Company by reason of capital reduction or any other change which reduces either the face value of the shares or number of equity shares, such change shall not have any impact on the number or the exercise price of the options granted.
- 8.6 In the event of any changes of outstanding ordinary shares by way of a bonus issue, right issue, combinations and exchange of shares, re-capitalisation, mergers and de-mergers of the Company, the HRC shall be empowered to appropriately adjust the number of Options granted to the eligible employees.

- 8.7 The Board / the HRC may with the approval of the Shareholders increase the Maximum number of options under ESOP Scheme at any time.

9. EXERCISE PRICE AND PRICING FORMULA

- 9.1 The exercise price for the purpose of the grant of options will be decided by the HRC, provided that the exercise price per option shall not be less than the face value of the equity shares.

Accordingly, the Exercise Price in respect of the Employees meeting the Eligibility Criteria is Rs. 5/-.

- 9.2 The HRC may reprice the options, which are not exercised whether or not they have been vested if the ESOP were rendered unattractive due to fall in the price of the Shares in the Stock Market.
- 9.3 The Exercise Price calculated under Clause 9.1 shall be rounded off in nearest Rupee figure.

10. EXERCISE PERIOD AND VESTING SCHEDULE

- 10.1 The Minimum Vesting Period in respect of Options under the ESOPs Scheme shall be one year from the Grant Date, which shall not be earlier than September 6, 2006.
- 10.2 The Vesting period may extend upto 4 years.
- 10.3 The Vesting may happen in one or more tranches as may be decided by HRC.
- 10.4 On the expiry of the Vesting Period, the employee will have option to convert the options into equity shares either in full or in tranches at any time upto 7 years from the Grant Date (hereinafter referred to as Exercise Period) as per the provisions of the ESOP Scheme 2005.
- 10.5 The Optionee can carry forward the unexercised vested options throughout the exercise period.
- 10.6 The Options, which are not exercised within the exercise period, will lapse in the hand of employee upon expiry of exercise period.

11. PROCEDURE FOR GRANT OF OPTIONS

- 11.1 The HRC shall pursuant to the provisions of the ESOP Scheme and the Resolution passed by the Board of Directors form plan to be known as the ESOP Policy.
- 11.2 On approval of the ESOP Plan, the HRC shall identify the eligible employees for the Grant of Options under the ESOP Policy and issue the Letter of Grant in compliance with the provisions of the applicable laws.
- 11.3 The Grant Letter duly signed by the Designated Officer of the Company shall be conclusive evidence of the entitlement of the eligible employee to the options

mentioned in the Grant Letters.

- 11.4. The Designated Officer shall follow such guidelines as may be prescribed by the HRC.
- 11.5. The HRC shall have the power to cancel or suspend all or any of the Options granted whether vested or not under the ESOP Scheme 2005, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such suspension or cancellation, no compensation shall be payable to the Optionee for such cancelled Options.
- 11.6. The HRC may amend, modify, vary, alter or revise all or any of the provisions of ESOP Plans formulated under ESOP Scheme 2005, from time to time, in any manner provided however that such variation in ESOP Plans are not prejudicial to the interests of the employees.

12. PROCEDURE FOR EXERCISE OF OPTION

- 12.1 The Employee can exercise his right to convert the options into equity shares either in full or in trenches by a written communication to the Company within Exercise Period as per the provisions of the ESOP Scheme 2005.
- 12.2 Subject to the provisions of Clause 14 and Clause 15 of this Scheme, the Eligible Employee, who are granted options may exercise the options as per the vesting schedule mentioned in Clause 10.
- 12.3 No Financing arrangements will be provided for to the employee under this scheme. However the employees are free to enter into private agreements with a financing agency to fund their stock purchases, if they so desire.
- 12.4 Employees, who do not want to avail the benefits under the ESOP Scheme 2005, may opt out of the scheme any time before Exercise Period and surrender the Options to the Company for cancellation. The Options so cancelled will be available for re-issuance under the ESOP Scheme 2005 by the HRC.
- 12.5 If the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force or by any jurisdictional court; the HRC may defer or not permit the Exercise of Options till such time as prohibited under the applicable laws or regulations and in such an event the Company shall not be liable to pay any compensation or similar payment to the Employee for any loss suffered due to such prohibitions.
- 12.6 Neither Optionee nor his successors / legal heirs shall have any of the rights of a shareholders of the Company with respect to the options granted to him till Share are issued / transferred by the Company to the Optionee on the exercise of the options.
- 12.7 The Company may suspend the Exercise of any options (whether vested or not) granted to an employee, in the event the employee holding the options is suspected or found to be involved in fraud, misfeasance, gross negligence, breach of trust or misconduct etc. and in such event the rights under Options shall not be exercisable during suspension period.
- 12.8 The Eligible employee may pay the Exercise Price either by Cheque or such other mode / consideration as may be approved by the HRC from time to time to the extent permissible by applicable laws.

13. NON - TRANSFERABILITY OF OPTIONS

- 13.1 Options granted to an employee shall not be transferable to any person.
- 13.2 The option granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. The Breach of this condition will result in the lapse of all options, whether Vested in the Optionee or otherwise.
- 13.3 No person other than the employee to whom the option is granted shall be entitled to exercise the option.

14. DISCONTINUATION OF SERVICES BEFORE VESTING

- 14.1 In the event of death of an employee, all unvested options will vest immediately to the legal heirs / nominees of the deceased employee. Such Options shall be transmitted in the name of legal heirs / nominees upon proper verification and identification of the legal heirs within a period of 1 month from the date of identification of legal heirs / nominee. Such legal heirs / nominees upon whom the options are vested / transferred shall be entitled to exercise the options in such manner as may be prescribed by the HRC.
- 14.2 In the event the employee suffers from permanent disability caused while in employment, all Unvested Options shall vest immediately to such employee. The options so vested in the employee shall be subject to regular exercise procedures as may be prescribed by the HRC.
- 14.3 If the Company permits the early superannuation of an employee, or offers part-time employment due to disability that prevent such employee full time employment, all the unvested options shall vest in the employee as per the vesting schedule and the employee shall be entitled to exercise the unvested options as may be decided by the HRC.
- 14.4 The right of an employee to have options vested in him or her under this Scheme, is contingent upon the employee continuing in the service of the Company. In the event the employee's services are discontinued on account of resignation or Termination, all the Unvested Options as on the date of separation shall lapse in the hand of employee.
- 14.5 In the event the Services of an employee are being transferred/ loaned to a subsidiary/ holding/ Bharti Group Company or taking retirement for a cause at the instance of or with the consent of the Company, the Unvested Options will vest in the Optionee as per Vesting Schedule subject to the condition that such employee continue to be employee of the transferee Company. The Options so vested shall be subject to regular exercise period.
- 14.6 In the event BAL and/or any of its divisions or Subsidiaries are merged or taken over by any other Company each Unvested Option shall be assumed or an equivalent Option substituted by the successor corporation or a Parent or Subsidiary of the Successor Corporation. In case the Successor Corporation refuses to assume or substitute for the options, the Employee shall have the right to exercise the Vested Options as per regular exercise period.

15. DISCONTINUATION OF SERVICES BEFORE EXERCISE

- 15.1 In the event of death of an employee, all options vested in the employee will be transmitted to his/her legal heirs/nominees upon proper verification and identification of the legal heirs within a period of 1 month from the date of such identification of legal heirs / nominee. Such legal heirs / nominees upon whom the options are vested / transmitted shall be entitled to exercise the options in such manner as may be prescribed by the HRC.
- 15.2 In the event of retirement of the employee from the services of the Company, all the vested options that are not exercised will have to be exercised within a period of 1 month from the date of retirement or such other period, which may be determined by the HRC.
- 15.3 In the event the employee suffers from permanent disability caused while in employment, the options vested but not exercised shall be exercisable by him subject to the regular exercise procedures as may be provided by the HRC.
- 15.4 In case the Company permits early superannuation to an employee, or offers part-time employment due to disability that prevent such employee full time employment, all the Options Vested but not exercised shall be exercisable by him in such manner as may be provided by the HRC.
- 15.5 In the event the Services of an employee are being transferred/ loaned to a subsidiary / holding / Bharti Group Company or taking retirement for a cause at the instance of or with the consent of the Company, the Optionee will continue to hold all vested options and can exercise them as per within the exercise period subject to the condition that such employee continue to be employee of the transferee Company. The Options so vested shall be subject to regular exercise period as may be specified by the HRC.
- 15.6 In the event the employee's services are discontinued on account of resignation / termination before exercise, all the vested options that are not exercised can be exercised by the employee within such period as may be prescribed by the HRC. Options not exercised by the employee with such period will lapse in the hand of employee.
- 15.7 In the event the employees services are terminated for misconduct, the HRC may by specific order cancel any outstanding vested options to the credit of the employee and cause them to lapse as on the date of separation of the employee or the date of the commission of the offence, whichever is earlier. The HRC may also claim the benefit accrued to such employee due to difference in the exercise price and market price of the shares transferred to it.
- 15.8 In the event that BAL and/or any of its divisions or Subsidiaries are merged or taken over by any other Company, each vested unexercised Option shall be substituted by the options of the successor corporation or a Parent or Subsidiary of the Successor Corporation, in the event that the Successor Corporation refuses to assume or substitute for the options, the Employee shall have the right to exercise the Vested Options as to all of the Optioned Stock including the shares as to which it would not otherwise be vested or exercisable.

16. BENEFITS AND OBLIGATIONS AS SHAREHOLDERS

- 16.1 All the employees who have exercised their options and have been issued / transferred shares upon exercise of options under the ESOP Scheme 2005 will receive all regular benefits as shareholders of the Company like Rights and Bonus Shares etc., only from the date of Transfer / Issue of Equity Shares upon exercise of options under this Scheme.
- 16.2 The employee shall enter into such agreement, as the Company / HRC may desire from time to time to more fully and effectively implement this Scheme.
- 16.3 The employee shall not under any circumstances assign or transfer his rights or obligations under the ESOP Scheme to any third party, except to the nominees.
- 16.4 The employee shall comply with the rules for dealing in the securities of the Company, as may be framed and / or adopted by the HRC from time to time, with respect to trading restrictions.
- 16.5 The HRC shall ensure that the BAL Employees Trading Policy is widely disseminated to the employees to ensure adherence with the applicable laws.
- 16.6 The Equity Shares resulting under ESOP Scheme shall rank pari-passu in all respects with the existing shares of the Company
- 16.7 The Equity shares transferred to the holder upon conversion of the options shall be subject to the provisions of the Articles of Association of the Company.
- 16.8 The Shares allotted / transferred to the Employee upon exercise of options shall be the absolute property of the employee and will be held by the Employee, subject to the lien favouring Bharti for any statutory liability that may arise out of the ESOP Scheme.

17. RISKS FACTORS

- 17.1 Participation in this ESOP shall not be construed as any guarantee of return on the equity investment.
- 17.2 Investment in equity and equity related securities involve a degree of risk and employees should not invest any funds in Exercise of Options unless they can afford to take the risk of losing their investment. For taking a decision to exercise the options, the Employees must rely on their own examination of the Company including the risks involved.
- 17.3 In addition, employee stock options are subject to the following additional risks:
1. **Concentration**: The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single Company.
 2. **Leverage**: Any change in the value of the share can lead to a significantly larger change in the value of the option as an option amounts to a levered position in the share.
 3. **Illiquidity**: The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.

4. *Vesting*: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.
- 17.4 The Optionee shall not have any right available to the shareholders of the Company i.e. right to vote, right to dividend etc, until the exercise of the options.

18. ACCOUNTING POLICY AND METHOD OF VALUATION OF OPTIONS

- 18.1 The Company shall use the fair value method for valuation of the options.
- 18.2 The Company, its Holding or Subsidiary Company shall confirm to the accounting policies specified in the ESOP Guidelines or such other guidelines as may be prescribed from time to time.

19. TAX LIABILITY

- 19.1 In the event of any tax liability or any other levies including Fringe Benefit Tax (FBT) levied by the government, arising on account of the issue of options and/ or allotment or transfer of the shares to the employee, the liability shall be that of the employee alone and shall be paid/ reimbursed by the employee when due. The Company shall be entitled to recover taxes as may be incurred by it with respect to such employee.
- 19.2 All tax liabilities arising on disposal of the equity shares after exercise shall be borne by the employee.
- 19.3 In the event of any tax liability arising on account of the ESOP Scheme, the HRC shall have the right to cause the equity shares held by the employee under this ESOP, to be sold or otherwise alienated to meet the liability, on behalf of the employee.
- 19.4 Tax on the perquisite value, if any, shall be paid by the employee on exercise or else it shall be deducted from the employee's salary for the subsequent month(s).

20. VARIATION OF TERMS OF THE ESOP SCHEME 2005

- 20.1 The Company shall not vary the terms of the Scheme in any manner, which may be detrimental to the interests of the employees.
- 20.2 Subject to the provisions of the Applicable Laws, HRC shall have the right to alter, vary modify or amend all or any terms of the Scheme at any time without any prior intimation to the employees within the authorisation granted by the Shareholders by way of special resolution in their meeting held on September 6, 2005.
- 20.3 The Company may by special resolution in a general meeting of the Shareholders vary the terms of the Scheme offered pursuant to an earlier resolution of a General Body but not yet exercised by the employee provided such variation is not prejudicial to the interests of the employees.
- 20.4 The notice for passing special resolution for variation of terms of the Scheme shall disclose full details of the variation, the rationale therefore and the details of the employees who are beneficiaries of the variation.

- 20.5 If the Company intends to vary the terms of the ESOP Scheme, particulars of which have already been filed with the Chief Commissioner of Income-tax as per the requirements of proviso to Rule 2 of the Central Board of Direct Taxes (CBDT) Guidelines, 2000 ("Guidelines"), the updated scheme shall be filed with the Chief Commissioner of Income Tax as per the applicable provisions of the Income Tax Act, 1961 as amended.

Provided that if the terms and conditions are those which are implicit and are to be gathered from other sources and are sought to be put in the Scheme to make itself contained, it may not result in the change in the terms and conditions of the Scheme so as to attract the proviso to Rule 2 of the Guidelines.

21. CONTRACT OF EMPLOYMENT

- 21.1 This Scheme shall not form part of any contract of employment between the Company and the employee. The rights and obligations of any individual under the terms of his / her office or employment with the Company shall not be affected by his participation in this Scheme.
- 21.2 Nothing in this Scheme shall be construed as affording such an individual any additional rights as to compensation or damages in consequence of the termination of such office or employment for any reason.
- 21.3 This Scheme shall not confer on any person any legal or equitable rights against the Company either directly or indirectly or give rise to any cause of action on law or equity against the Company.

22. NOMINATION

- 22.1 The Employee shall have right to appoint nominee(s) for the benefits under this Scheme. The Nomination so filed with the Company shall come into force only in the event of Death of the Employee.
- 22.2 The Nomination shall be made in the name of Individual(s) competent to contact.
- 22.3 In case the Nomination is made in the name of a minor, the name and address of Guardian, (who shall be other than the employee) shall also be mentioned in the Nomination Form. In the event the guardian of the minor is not available / become incompetent, a court appointed guardian or other guardian will be entitled to act on behalf of minor.
- 22.4 The Nominee(s) appointed by the employee alone shall be entitled to exercise the rights of the Employee concerned and the Company shall not be liable in relation to any right or obligation amongst the legal heirs inter se of the employee concerned.
- 22.5 In the event, the employee fails to make nomination or the nominations made by him / her are proven to be unenforceable, the options will be issued to the legal heirs only upon such evidence being produced as may properly be required from time to time by the Company.
- 22.6 The Transmission / Transfer of Options / Shares in the name of nominee shall be valid discharge of its liability by the Company towards the deceased employee/ legal heirs.

- 22.7 The Employee can change his / her nomination(s) at any time during validity of Option before exercise of Options.
- 22.8 In the event the nomination is in the name of foreign national / non-resident Indian the transfer of shares upon exercise of options shall be subject to the applicable laws.

23. MISCELLANEOUS

- 23.1 The Employee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the ESOP Scheme, grants, exercise or any other matter incidental or ancillary thereto to and shall not divulge any detail related thereto to any person except with the prior permission of the Company, obtained in writing and except as required under any law for the time being in force. Any violation of the term may result in cancellation of the whole or part of the grant whether vested or not, without prejudice to any other action which may be taken in this regards.
- 23.2 This Scheme shall be subject to all applicable laws, rules, regulations, and notifications and to such approvals by any governmental agencies as may be required. The grant of options under the ESOP Scheme shall entitle the Company (through HRC) to require the eligible employees to comply with such requirements of law as may be necessary in the opinion of the Company.
- 23.3 Any withdrawal / termination of the ESOP Scheme shall not effect Options already granted and such Options shall remain in full force and effect as if the Plan had not been terminated.
- 23.4 This Scheme is purely at the discretion of the Company and can be withdrawn by the Company at any time after June 1, 2007 without any prior notice to the Employees of the Company.
- 23.5 Nothing contained in the Scheme shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new Scheme or Plan 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 Scheme or any grant made under the Scheme. No Employee or other person shall have any claim against the Company and/or trust as a result of such action.
- 23.6 The shares allotted to Employees on Exercise of Options shall be listed on the stock exchanges subject to the terms and conditions of this scheme and terms and conditions of the listing agreement.
- 23.7 Any Dispute arising out of or in connection with the ESOP Scheme or the Grant shall be referred to for the Arbitration to an Arbitrator to be appointed by the HRC. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be New Delhi, India.
- 23.8 The Optionee shall ensure that there is no violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- 23.9 The Optionee shall indemnify and keep the Company indemnified in respect of any liability arising as a result or consequences of the violation of any applicable laws by the Optionee.
