

## MosChip Stock Option Plan – 2018

### MOSCHIP EMPLOYEE STOCK OPTION PLAN – 2018

#### 1. Short Title and Commencement

This plan is prepared in accordance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (hereinafter called Guidelines).

This plan is called as “MOSCHIP EMPLOYEE STOCK OPTION PLAN – 2018” and will commence on getting consent from the shareholders in the ensuing Annual General Meeting or Postal Ballot.

#### 2. Object of the Plan

- 2.1 The need for the best Stock Option Plan is felt in the environs of highly competing markets;
- 2.2 To tap the market talent in the areas of Semiconductor / IoT/ any other emerging business;
- 2.3 To reward, motivate and retain the employees of the company;
- 2.4 To reward Directors of the Company;
- 2.5 The object of the Plan is to attract, retain and encourage the talented personnel and to enable such personnel to participate in the long-term growth of the company. Besides, to seek convergence of interest of shareholders and employees such that employees consciously work towards the value creation for the shareholders.

#### 3. Definitions

In this Plan the following expressions shall have wherever the context permits the following meanings, unless otherwise defined in the Guidelines. The words denoting the masculine genders shall include the feminine; words denoting the singular shall include the plural and *vice versa*.

- 3.1 "The Plan" means MOSCHIP EMPLOYEE STOCK OPTION PLAN – 2018.
- 3.2 "The Company" means MOSCHIP SEMICONDUCTOR TECHNOLOGY LIMITED.
- 3.3 "Committee" means the Nomination & Remuneration Committee of the Board constituted in accordance with the Guidelines.
- 3.4 "Shares" means Equity Shares of Rs. 2/- each of the Company and securities convertible into equity shares and shall include warrants representing underlying equity shares or securities convertible into equity shares.

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- 3.5 "Option(s)" means a right but not an obligation granted by the Committee to purchase a share of the Company at a pre-determined price for a certain number of years into the future, in accordance with the terms of this Plan.
- 3.6 (i) "Employee(s)" means any permanent employee(s) of the Company and Directors of the Company and its Subsidiaries (including foreign nationals) working in India or out of India (present and future), including those on deputation at the instance of the Company and includes:
- (ii) "Director" means the Board of Directors of the Company and its subsidiaries (present and future).
- 3.7 An employee of a Subsidiary, in India or out of India.
- 3.8 "Selected Employee" means any Employee selected by the Committee to receive an offer of options in accordance with the terms of this Plan.
- 3.9 "Grantee" means any selected employee who has accepted an offer of options in accordance with the terms of this Plan or, where the context permits, a person becoming entitled to the shares in consequence of the death or permanent incapacity while in employment, of the original grantee;
- 3.10 "Cause" shall mean, as determined by the Nomination & Remuneration Committee (i) the continued failure of the Optionee to substantially perform his duties to the Employer Company (other than any such failure resulting from retirement, death or disability as provided below), (ii) the engaging by the Optionee in willful, reckless or grossly negligent misconduct which is determined by the Nomination & Remuneration Committee to be detrimental or otherwise, (iii) fraud, misfeasance, breach of trust or wrongful disclosure by the Optionee of any secret or confidential information about the Employer Company, (iv) the Optionee is found to be or becomes of unsound mind, (v) the Optionee commits any act of insolvency, (vi) The Optionee is convicted by Court of any offence, or (vii) the Optionee found to be involved in any activity of moral turpitude.
- 3.11 "The Board" means the Board of Directors of the Company or any directors to whom all or any of the functions of the board under this Plan have for the time being delegated by resolution of the board;
- 3.12 "Exercise" means making of an application by the employee to the company for issue shares against option vested in him in pursuance of the Plan.
- 3.13 "Exercise Period" means the time period after vesting within which the employee should exercise his right to apply for shares against the option vested in him in pursuance of the Plan.
- 3.14 "Exercise Price" means the price payable by the employee for exercising the option granted to him in pursuance of the Plan.
- 3.15 "Grant" means issue of option to employees under the Plan.
- 3.16 "Market Price" of a share means the closing price of the Shares of the Company on a day preceding the date of grant of options on BSE Limited.

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3.17 “Promoter(s)” means the person or persons who are in over-all control of the company; the person or persons who are instrumental in the formation of the company or programme pursuant to which the shares were offered to the public; 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.

Where a Promoter is a body corporate, the promoters of that body corporate shall also be deemed to be Promoters of the Company

3.18 Promoter Group” means an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the Promoter Group”.

3.19 “Vesting” means the process by which the employee is given the right to apply for shares of the company against the option granted to him in pursuance of the Plan.

3.20 Vesting Period” means the period during which the vesting of the option granted to the employee in pursuance of the Plan.

### **4. Eligibility to participate in the Plan**

4.1 An Employee shall be eligible to participate in the Plan.

4.2 An Employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the Plan.

4.3 A Director shall be eligible to participate in the Plan.

4.4 A Director who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the Plan.

4.5 A director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company shall not be eligible to participate in the Plan.

### **5. Nomination & Remuneration Committee**

5.1 The Nomination & Remuneration Committee is responsible for administration and superintendence of the Plan.

5.2 The Nomination & Remuneration Committee is vested with the powers to formulate detailed terms and conditions of the Plan within the parameters of the approval granted by the Shareholders in the Annual General Meeting, which, *inter alia*, includes:

a) The quantum of Option to be granted under the plan to each Employee and in aggregate.

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- b) The conditions under which Option 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 Employees shall Exercise the Vested Options in the event of termination or resignation of an Employee.
- e) The right of an Employee to Exercise all the Options vested in him at one time or at various points of time within the Exercise Period.
- f) The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of rights issues, bonus issues and other corporate actions;
- g) The Grant, Vest and Exercise of Option in case of Employees who are on long leave; and
- h) The procedure for cashless exercise of Options.
- i) Subject to such approvals as may be required, the Compensation Committee may at any time amend, alter, or vary the terms of the Plan and/ or terms of the Options already granted under the Plan subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Employees. Provided however that any change in the terms of this Plan, pursuant to change in law, even if considered to be detrimental to the interest of the Employees shall be permitted to be carried out.
- j) Accordingly, the Company may by separate special resolution passed by the shareholders vary the terms of this Plan subject to compliance with the provisions of Regulation 7 of the SEBI Regulations.

### **6. Total Number of Options to be granted**

Total of 10,000,000 (Ten Million) options for the employees of the Company and the Subsidiary Companies would be available for being granted under the plan

### **7. Vesting of Options.**

- 7.1 The Vesting Period shall commence after twelve months from the date of Grant of the Option. The share options could be granted in tranches and could vest in tranches as per the discretion of the Board / Committee.
- 7.2 The maximum period within which the Options to be vested shall be five years from the date of Grant.

### **8. Exercise of Options**

- 8.1 The shares would be issued to the eligible Employees at the Exercise Price.

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- 8.2 The Exercise price for each option shall be determined by the Nomination & Remuneration Committee at the time of grant of options based on the market price, discount to market price or any such other adjustments to Market price as it may deem fit, from time to time.

Provided that in no case shall, the per share exercise price of an option be less than the face value on the date of grant.

- 8.3 The employees shall Exercise their options within 5 years from the date of Vesting or such other period fixed by the Board / Committee.
- 8.4 The employees can Exercise the Options by submitting an application in the prescribed format after which the shares would be allotted. Options not exercised within the specified period will lapse. All options that are lapsed will be added back to the pool and are eligible for future grants to the employees.
- 8.5 The amount payable by the employee, if any, at the time of Grant of Option may be forfeited by the Company if the option is not exercised by the employee within the Exercise Period; or the amount may be refunded to the employee if the Options are not vested due to non-fulfillment of condition relating to Vesting of Option as per the Plan.

### 9. Eligibility Determination for grant of options

The Board / Committee will evolve the criteria for the eligibility of an employee for granting options under the Plan. The undermentioned are some of the parameters the Board / Committee might take into consideration in determining the eligibility of the employees for granting options.

- a. Length of service
- b. Designation
- c. Performance
- d. Merit
- e. Future potential contribution
- f. Leadership qualities
- g. Qualification
- h. Conduct

### 10. Maximum number of options to be issued under the Plan

- 10.1 No employee shall during any fiscal year of the Company, be granted Options equal to or exceeding 1% of the issued share capital of the Company existing at the time of grant of option.
- 10.2 The overall Options to be granted in this plan shall be limited to 10,000,000 (Ten Million) only.

### 11. Miscellaneous

- 11.1 The shares issued upon Exercise of the Options shall rank *pari passu* in all respects with the existing equity shares.

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- 11.2 Each Option granted to eligible employees shall be entitled to one equity share of nominal value of Rs.2/- each at a fair market price.
- 11.3 The consideration for the shares to be issued upon exercise of an option, may be as determined by the Committee which *inter alia* consists of
- a) Cheque
  - b) As per Cashless exercise programme
- 11.4 The Company shall conform to the accounting policies mandated by applicable law and Regulations of Securities Exchange Board of India or any other relevant regulation as is applicable to the account of such options.
- 11.5 Subject to the approval of stock exchange, the relevant equity shares on Exercise of the Options shall be listed on the stock exchange.
- 11.6 The Board / Committee shall have absolute discretion from time to time to modify or substitute any such terms or if it thinks fit, not to undertake or proceed with the implementation of Plan in whole or in part, provided such modifications and alterations are not detrimental to the employees and consented by the shareholders in the general meeting accordingly.
- 11.7 The Employee shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him, till shares are issued on exercise of option.
- 11.8 If in individual cases or particular circumstances, the provisions of this Plan are found to cause hardship or otherwise give rise to difficulty, the Board / Committee are authorised to settle all questions, difficulties or doubts by using their discretion to ensure that such cases and circumstances are dealt with in accordance with the general spirit underlying the Plan and reserves the necessary powers for that purpose. The decision of the Board / Committee in such cases shall be final and binding.

## 12. Non-transferability of option

- 12.1 All the Options granted to the employee (s) are non-transferable.
- 12.2 Only the employee to whom the option is granted shall be entitled to exercise the option.
- 12.3 Under the cashless system of exercise if adopted by the company, the company may itself fund or permit the empanelled stockbrokers to fund the payment of exercise price, which shall be adjusted against the sale proceeds of some or all the shares, subject to the provisions of the Companies Act, 2013.
- 12.4 The options granted to the employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 12.5 In the event of death of employee while in employment, all the option granted to him till such date shall vest in the legal heirs or nominees of the deceased employee and shall be exercised within 6 months thereof.

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- 12.6 In case the employee suffers a permanent incapacity while in employment, all the option granted to him as on the date of permanent incapacitation, shall vest in him on that day and shall be exercised within six months thereof.
- 12.7 In case the employee terminates his employment with the company by tendering resignation, all the options vested in him as on the date of resignation shall be exercised within 30 (thirty) days from the date of resignation.
- 12.8 In the event of an Optionee ceasing to be in the service of the Employer, due to “Cause”, or violates the terms and conditions of his employment in any manner, all options outstanding on the date of cessation of his employment, shall stand cancelled forthwith and that Optionee shall not be permitted to exercise any right in respect thereof.

### **13. Validity of the Plan**

The Plan is valid, and the options can be issued to the employees under the Plan only on the approval of the Shareholders by passing a Special Resolution in the general meeting and will be in operation till such time all options under the plan are exercised.

### **14. Lock – in**

- 14.1 The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in after such Exercise.
- 14.2 However, the transferability of the Shares after Listing Shall be subject to the restriction for such period in terms of the Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015 as amended, enacted, or reenacted from time to time or for such other period as may be stipulated from time to time in terms of Company's Insider Trading Code of Conduct.

### **15. Treatment of Lapsed Options**

All options that are lapsed in accordance with the provisions of the Plan shall revert to Plan and are available for granting under the provisions of the Plan.

### **16. Surrender of Options**

- a. An employee may surrender his vested / unvested options at any time during his employment with the company.
- b. Any employee willing to surrender his options shall communicate the same to the Committee in the prescribed Form A. Thereafter the surrendered options shall expire and stand terminated with effect from the date of surrender of options. Such options will be added back to the pool for future grants.

### **17. Tax Liability**

In the event of tax liability arising out on account of the issue of Options and/or allotment of the shares to the employee, the liability shall be that of the employee alone. The employee shall indemnify the Company against any tax including Fringe Benefit Tax or other liabilities.

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All tax liabilities arising on disposal of the shares after exercise would require to be handled by the employee.

In the event of any tax liability arising on account of the MOSCHIP EMPLOYEE STOCK OPTION PLAN – 2018, the Company shall have the right to cause the shares held by the employee under the MOSCHIP EMPLOYEE STOCK OPTION PLAN – 2018, to be sold or otherwise alienated to meet the liability on behalf of the employee.

### **18. Accounting and Disclosures**

The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other authority from time to time, including the disclosure requirements prescribed therein.

In connection with every Grant after Listing, the Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features of the MOSCHIP EMPLOYEE STOCK OPTION PLAN – 2018 in a format as prescribed under SEBI (Share Based Employee Benefits) Regulations, 2014.

The Company shall disclose details of Grant, Vest, Exercise and lapse of the Employee Stock Options in the Directors' Report or in an annexure thereof as prescribed under the Companies Act read with Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014.

### **19. Certificate from Auditors**

After Listing, the Board shall at each annual general meeting place before the shareholders a certificate from the Auditors of the Company that the Plan has been implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014 and in accordance with the resolution of the Company in the general meeting.

20. Notwithstanding anything contained above in the Plan, the Plan in entirety is subject to the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 in vogue and any amendments made to it from time to time and any changes in the Plan warranted on account of amendments to the Guidelines made by SEBI or any other regulatory authority shall not require the approval of Shareholders afresh.

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