

Ashok Leyland Limited
Employees Stock Option Plan 2016

Scheme approved by the shareholders at an Annual General Meeting of the Company held on July 21, 2016 and thereafter, amended by the shareholders on January 16, 2017 through Postal Ballot

A. Salient features of the Scheme

This Ashok Leyland Limited Employees Stock Option Plan 2016 (hereinafter referred to as “AL ESOP 2016” or “Scheme”) is pursuant to and under the authority granted in terms of approval by the shareholders at an Annual General Meeting of the Company held on July 21, 2016 and further approval of the shareholders on January 16, 2017 through Postal Ballot and in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014. Wherever applicable, the Scheme shall be in accordance with the regulations prescribed by Securities and Exchange Board of India (SEBI) and / or any other regulatory authority as may be applicable to the Company and shall not contravene any other law, for the time being in force that is material for giving effect to such Scheme.

The Scheme applies to all Employees of the Company (as defined herein below). The Scheme shall be administered by the Nomination and Remuneration Committee of Board of Directors, which will act as the Compensation Committee and would decide the entitlement of each Employee based on his/her level, grade, seniority and other relevant factors.

The Plan shall be deemed to have come into force on July 21, 2016.

1. Definitions and Interpretations

1.1. Definitions:

The terms defined in this section shall, for all purposes of this Scheme, have the meanings herein specified.

- a) **“Award”** means a written Award Agreement between the Company and an Employee, confirming the grant of the Stock Option and evidencing the terms and conditions upon which they may be exercised and sold;
- b) **“Board”** means the Board of Directors of the Company;
- c) **“Company”** means Ashok Leyland Limited and its successor or assigns;
- d) **“Employee”** means
 - i. a permanent employee of the Company who has been working in India or out of India; or
 - ii. a director of the Company, whether a whole-time director or not but excluding an independent director; or
 - iii. an employee as defined in clauses (1) or (2) of a Subsidiary in India, or of a

Holding company of the Company but does not include:

- an employee who is a promoter or a person belonging to the promoter group; or
- a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding Equity Shares of the Company.

- e) **“Employee Compensation”** means the total cost incurred by the Company towards employee compensation including basic salary, dearness allowance, other allowances, bonus and commissions including the value of all perquisites provided, but does not include:
- i. the fair value of the option granted under an employee stock option scheme; and
 - ii. the discount at which shares are issued under an employee stock purchase scheme.
- f) **“Exercise”**, in relation to Options, means, making of an application by an employee to the Company or to the trust for issue of shares against vested options in pursuance of AL ESOP 2016;
- g) **“Exercise Notice”** means the notice by which an Employee requests the Company or the trust to allot shares pursuant to the Options vested in him under the Grant and the AL ESOP 2016;
- h) **“Exercise Period”** means a period of five years after Vesting within which an Employee should Exercise his right to apply for Shares against the vested Option in pursuance of the AL ESOP 2016 or any other period as may be deemed fit by the Nomination and Remuneration Committee and may vary for different Employees as decided by the Committee;
- i) **“Exercise Price”** means the price payable by an employee for exercising the options granted to him in pursuance of AL ESOP 2016 or any other price as may be determined by the Nomination and Remuneration Committee but at least equal to the face value of the Share;
- j) **“Fixed Compensation”** for the purpose of this plan is defined as Total Cost to Company less target annual incentives;
- k) **“Grant”** means the process whereby the Nomination and Remuneration Committee issues specified number of Options to the Employees under AL ESOP 2016;
- l) **“Grant Date”**, with respect to any Options means the date on which the Nomination and Remuneration Committee approves the Grant of such Options pursuant to the AL ESOP 2016;

- m) **“Holding Company”** has the same meaning under the Companies Act, 2013, whether incorporated in India or outside India;
- n) **“Option”** means the option given to an employee that gives him a right to purchase or subscribe at a future date, the shares offered by the Company, directly or indirectly, at a pre-determined price. This is a right but not an obligation granted to an Employee under the Scheme to apply for and be allotted Shares of the Company at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting. Each Option granted would represent the right to apply for 1 (one) Share of the Company.
- o) **“Grantee”** means an Employee who has been granted an Option under the Scheme and signed his acceptance thereof by way of an Award Agreement in accordance with the terms and conditions set forth in the Scheme;
- p) **“Promoter”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- q) **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:
Provided where the Promoter or Promoter Group of a company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of such company;
- r) **“SEBI SBEB Regulations”** means Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- s) **“Share”** means equity shares of Ashok Leyland Limited of a face value of Re. 1.00 each;
- t) **“Subsidiary”** means any present or future subsidiary as defined under Section 2 of the Companies Act, 2013, as amended from time to time;
- u) **“Trust”** means a trust established under the provisions of Indian Trusts Act, 1882 including any statutory modification or re-enactment thereof for implementing AL ESOP 2016.
- v) **“Trustee”** means a trustee of the trust
- w) **“Vesting”** means the process by which an Employee becomes entitled to receive the benefit of a Grant pursuant to the AL ESOP 2016;
- x) **“Vesting Period”** means the period, from the date of grant of the Option till the date on which the Grantee becomes eligible to exercise the Options.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India Act, 1992 or the

Securities Contract (Regulation) Act, 1956, or the Companies Act, 2013, or Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 or any statutory modification or re-enactment thereof, as the case may be.

1.2. Interpretations

In this document, unless otherwise stated or intention appears:

- a) words denoting the singular shall include the plural and vice versa;
- b) The words importing a gender include every gender.
- c) heading and bold type face are only for convenience and shall not affect the interpretation hereof;
- d) references to the word “include” or “including” shall be construed without limitation; and
- e) references to any statute or statutory provision or rule or regulation shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted.

2. Purposes

The purposes of the Scheme are:

- a) To enable the Company to attract and retain the talented human resources by offering them the opportunity to acquire a continuing equity interest in the Company which will reflect their efforts in building the growth and the profitability of the Company.
- b) To provide existing Employees an opportunity for investment in the Company's Equity Shares in recognition of their efforts to grow and build the Company.

3. Quantum of Shares subject to the Scheme

The Shareholders at the Annual General Meeting of the Company held on July 21, 2016 have approved issue to employees under ESOP 2016, Stock Options exercisable into not more than 42,68,815 equity shares of a face value of Re.1 each constituting 0.15% of the paid-up equity share capital of the Company as on March 31, 2016, with each such option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.

The shareholders through Special Resolution passed by the postal ballot on January 16, 2017 have approved issue to employees under ESOP 2016 or the modification thereof (AL ESOP 2016), Stock Options exercisable into not more than 1,42,29,383 equity shares of a face value of Re.1 each constituting 0.50% of the paid-up equity share capital of the Company as on March 31, 2016, with each such option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.

Where Shares are issued consequent upon exercise of an Option under the Scheme, the maximum number of Shares that are subject to Options referred above shall stand reduced to the extent of such Shares issued.

4. Scheme Administration

- a) The scheme shall be administered by the Nomination and Remuneration Committee constituted by the Board in accordance with SEBI Regulations. For the purpose of the SEBI SBEB Regulations, the Nomination and Remuneration Committee shall act as the Compensation Committee of the Board of Directors of the Company. All questions of interpretation of the AL ESOP 2016 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in AL ESOP 2016.
- b) The Board shall have the power to reconstitute the Nomination and Remuneration Committee from time to time.
- c) The Nomination and Remuneration Committee shall, inter alia, formulate the detailed terms and conditions of the scheme which shall include the provisions as specified under applicable law and shall ensure due implementation of the same.
- d) The Nomination and Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including SEBI (Prohibition of Insider Trading) Regulations, 2016 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its employees, as applicable.
- e) The Nomination and Remuneration Committee shall have power to administer the Scheme, prescribe or amend any rule and correct any defects in the Scheme.
- f) Each Grantee shall be provided a copy of this Scheme and a copy of the Award Agreement.
- g) The Company Secretary of the Company shall be the administrator of the Scheme (the “**Scheme Administrator**”), who shall maintain such records and data as may be

required to administer the Scheme.

- h) The Scheme Administrator shall provide each Grantee financial statements of the Company on an annual basis. Grantees shall have access to these statements through intranet and Company website.

5. Effective Date

The plan shall be deemed to have come into force from July 22, 2016. The plan shall be in force until (i) subject to applicable laws, its termination by the Board/Nomination and Remuneration Committee; or (ii) the date on which all of the Options available for issuance under the ESOP 2016 have been issued and exercised.

6. Grant of Options

The Nomination and Remuneration Committee may grant Options to the eligible Employees as defined in Section 1.1(e) based on their qualification, experience, performance, hierarchy level in the organisation and other related factors, under any of the following circumstances:

- a) At the time of joining employment of the Company; or
- b) At the time of regular performance reviews and depending upon the nature of review that an Employee obtains; or
- c) At any other time that the Nomination & Remuneration Committee may deem fit.

7. Eligibility

- a) Except as set forth in this Scheme, all Employees of the Company are eligible for Stock Options subject to the provisions of the Scheme. The Nomination and Remuneration Committee will determine and designate from time to time Employees of the Company to whom Stock Options are to be granted and the number of options under the Scheme per Employee, shall be subject to the ceiling as specified in Para 3. The Options shall be granted by the Nomination and Remuneration Committee to such Employees under an Award Agreement signed by the Chairman/ Authorized Signatory of the Nomination and Remuneration Committee and the Grantee.
- b) The Nomination and Remuneration Committee in its sole discretion can change the eligibility criteria during the tenure of the program as it may deem fit.

- c) In determining the eligibility of an Employee to receive Options under the Scheme, the Committee shall consider the performance of an Employee as indicated by the annual performance appraisal, minimum period of service, the position and responsibilities of an Employee, the nature and value to the Company of his services and accomplishments, his present and potential contribution to the success of the Company, past service and geographical location and such other factors that the Committee may deem relevant. The Nomination and Remuneration Committee however is authorized to change the eligibility criteria from time to time.

8. Terms and Conditions of Option

Options shall be subject to the following terms and conditions and to such other terms and conditions (not inconsistent with the Scheme) as shall from time to time be approved by the Nomination and Remuneration Committee and incorporated in the Scheme.

- a) No Employee shall have any right to demand from the Company for Grant of Options, nor shall the Company have any such obligation to any Employee.
- b) It is clearly understood that the Grant or Vesting of any Options to an Employee, per se, does not assure accrual of a benefit or profit.
- c) Upon completion of the Vesting Period, the Grantee shall have the right to subscribe Shares equivalent to the number of Options held from the Company. Even after the completion of the Vesting Period, the Grantee will not be entitled to any dividends, rights issue or bonus shares issued until such time as the Options are exercised and Shares issued thereunder are allotted to the Grantee.

9. Award Agreement

The grant of Options shall be confirmed by an Award Agreement (in the form prescribed by the Nomination and Remuneration Committee) which shall be executed between the Nomination and Remuneration Committee and an Employee at the time of such Grant. The Award Agreement shall expressly state or incorporate by reference, the provisions of the Scheme.

10. Option Accounting

In respect of Options granted during any accounting period, the accounting value of the Options shall be treated as another form of Employee Compensation in the financial statements of the Company. The Company shall conform to the disclosures and the accounting policies specified in Regulation 15 of the SEBI SBEB Regulations.

11. Vesting Period

Vesting of the Options granted under the AL ESOP 2016 shall be at least one year from the date of Grant and could be different for different Employees. The vesting period and schedule shall be provided in the Award Agreement with each Employee.

However, in the event of the death of an Employee while in employment, all the options granted to him till such date shall, whether or not such Options were exercisable on the date of the Grantee's death, forthwith vest in the legal heirs or nominees of the deceased employee on that date and can be exercisable by them within the time period stated in clause 16. Similarly in the event of total and permanent disability while in employment, all the Options granted to an Employee as on the date of such total permanent disability shall vest, whether or not such Options were exercisable on the date of the Grantee's total and permanent disability, forthwith in him or his legal heirs, or designated nominees on that date, as prescribed under SEBI SBEB Regulations and can be exercisable by him or by his legal heirs or designated nominees, as the case maybe, within the time period specified in clause 16.

12. Exercise of Options

An Employee has the right to convert any number of his vested Options into Shares in full or in tranches at any time during the Exercise Period subject to the following conditions:

- a) The Option may be exercised during the continuance of an Employees' employment with the Company subject to the provisions of clause 11 and 16.
- b) The Options may be exercised by an Employee only by a written notice (in the form prescribed by the Nomination and Remuneration Committee) to the Scheme Administrator specifying the number of Options to be exercised. The Option shall be deemed to be exercised when an Employee pays to the Company a consideration equal to the respective Exercise Price of the Option and upon the satisfaction of the tax liability set out in clause 24.

- c) As soon as practicable on receipt of the notice of Exercise of Options and receipt of consideration thereof, the Scheme Administrator shall make the necessary arrangement for allotment of Shares in lieu thereof.

Notwithstanding anything contained herein or elsewhere in this plan, it is hereby clarified that the Company is under no obligation to either buy the shares or pay any compensation to any employee under this clause as a result of the inability or unwillingness of the employee to acquire any shares, whether due to lack of funds, any restriction under law or otherwise.

- d) In case, the Employee does not Exercise the Options during the Exercise Period or such earlier date, they will lapse and no rights will accrue after that date.

13. Non-Resident Employees

Grant of Options, if any, under the Scheme to Employees who are non-residents shall be in compliance with the provisions of the prevailing laws of the jurisdiction of such Employees subject to the same being in accordance with the provisions of the Foreign Exchange Management Act, 1999, SEBI SBEB Regulations and any other statutory provisions applicable under relevant Indian laws.

14. Lock-in period sale of shares exercised under the Scheme

The Shares allotted upon exercise of Options granted under the Scheme are not subject to any lock in period and upon listing with the stock exchanges, they are freely tradable in the stock market.

15. Variation of the terms of AL ESOP 2016

The Company shall not vary the terms of the AL ESOP 2016 in any manner, which may be detrimental to the interests of the employees.

The Company may by special resolution in a general meeting vary the terms of AL ESOP 2016 offered pursuant to an earlier resolution of a general body but not yet exercised by an Employee provided such variation is not prejudicial to the interests of the option holders.

The provisions of Regulation 6 of the SEBI SBEB Regulations shall apply to such variation of terms as they do to the original Grant of Options.

The notice for passing special resolution for variation of terms of AL ESOP 2016 shall disclose full details of the variation, the rationale thereof, and the details of the Employees who are beneficiary of such variation.

16. Resignation or Termination of Employment

- 16.1. If a Grantee's employment with the Company terminates for Cause, then the Options, to the extent not previously exercised, will lapse on the date of such termination of employment.

"Cause" shall mean, as determined by the Nomination and Remuneration Committee, (i) engaging by an Employee in wilful, reckless or grossly negligent misconduct which is determined by the Nomination and Remuneration Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise, or (ii) an Employee pleading guilty to or conviction of a felony, or (iii) fraud, misfeasance, breach of trust or wrongful disclosure of any secret or confidential information about the Company to any third party, or (iv) employment of an Employee in any other organisation or provision of services by an Employee for any other organisation, or (v) any other reason which is determined by the Nomination and Remuneration Committee to be detrimental to the interest of the Company.

- 16.2. If a Grantee's employment with the Company terminates due to voluntary resignation on the part of the Grantee, then all Options not vested in the Employee as on the date of termination shall lapse forthwith. The vested Options can be exercised by an Employee prior to the expiry of Exercise Period or within 90 days of date of termination, whichever is earlier. If a Grantee's employment with the Company terminates due to completion of his contract, then all Options which are not vested at the time of such termination shall lapse forthwith. The vested Options can be exercised by an Employee prior to the expiry of Exercise Period. For the purposes of this clause 16.2, employment shall deemed to have terminated on the last day of such Employee's employment with the Company.

However, resignation on account of leaving the Company for joining any of the group company of the Company will be regarded as employment transfers within the Company and will not be regarded as resignation or termination under this clause.

16.3. If a Grantee should die while in the employment of the Company, the Granted Options shall forthwith vest in his legal heirs or nominees; and if a Grantee should or suffer total and permanently disability while in the employment of the Company, the Granted Options shall forthwith Vest in him or his legal heirs or designated nominees; and the Options must be exercised as below:

- a) In case of death, within 1 (one) year from the date of death or such extended time provided by the Nomination and Remuneration Committee.
- b) In case of total and permanent disability, within 1 (one) year from the date of total and permanent disability or such extended time provided by the Nomination and Remuneration Committee.

16.4. In the event of a termination of employment for reasons other than those referred in Section 16.1, 16.2 or 16.3, all Options which have not vested will lapse forthwith. The vested Options can be exercised by the Employee prior to the expiry of Exercise Period or such extended period as determined by the Nomination and Remuneration Committee.

17. Vesting and Exercise of Options in case of Employees on long leave

The period of leave shall not be included in determining the Vesting Period in the event an Employee is on a sabbatical. In all other conditions, including earned leave, maternity leave and sick leave, the period of leave shall be included to calculate the Vesting Period.

A Grantee on leave other than a sabbatical can Exercise his/her Option as per the terms of the Award Agreement.

18. Non-Transferability

Each Option granted under the Scheme shall by its terms be non-transferable by the Grantee to any person (except by will or the laws of descent and distribution), and each Option shall be exercisable during the Grantee's lifetime only by the Grantee.

The Option granted to the Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

19. Changes in Capital

- a) The existence of the Scheme and any Award Agreement hereunder shall not affect, in any way, the right or power of the Board or the shareholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, or any merger or consolidation of the Company or its Subsidiary, any issue of debt, preferred or prior preference stock ahead of or affecting stock, the authorization or issuance of additional Shares, the dissolution or liquidation of the Company or its Subsidiaries, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.
- b) (i) Upon changes in the outstanding Shares by reason of a stock dividend, stock split, reverse stock split, sub-division, recapitalization, reclassification, merger, consolidation (whether or not the Company is a surviving corporation), combination or exchange of Shares, separation, or reorganization, or in the event of an extraordinary dividend, "spin-off", liquidation, other substantial distribution of assets of the Company or acquisition of property or stock or other change in the capital of the Company, or the issuance by the Company of Shares without receipt of full consideration thereof, or rights or securities exercisable, convertible or exchangeable for Shares of such capital stock, or any similar change affecting the Company's capital structure, the aggregate number, class and kind of Shares available under the Scheme as to which Options may be granted and the number, class and kind of Shares under each outstanding Option and the Exercise Price per Share applicable to any such Option shall be appropriately adjusted by the Board along with such approvals as may be necessary to preserve the benefits or potential benefits intended to be made available under the Scheme or with respect to any outstanding Options or otherwise necessary to reflect any such change, in a manner that the Board and / or the Nomination and Remuneration Committee deems fit.

(ii) Fractional Shares resulting from any adjustment in Options pursuant to section 19(b)(i) shall be aggregated until, and eliminated at, the time of Exercise of the affected Options. Notice of any adjustment shall be given by the Nomination and Remuneration Committee to each participant whose Options have been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all the purposes of the Scheme.

20. Change in Control

In the event of

- i. a stock sale, merger, consolidation, combination, reorganization or other transaction resulting in less than 50% of the combined voting power of the surviving or resulting entity being owned by the shareholders of the Company immediately prior to such transaction and resulting in cessation of control of the existing shareholders of the Company; and
- ii. the liquidation or dissolution of the Company or the sale or other disposition of all or substantially all of the assets or business of the Company (other than, in the case of either clause (i) or (ii) above, in connection with any Employee benefit Scheme of the Company or a Subsidiary), the Board may take such steps, as it deems fit in its discretion, and on such terms and conditions as it deems appropriate. No Grantee shall have any right to prevent the consummation of any of the foregoing acts affecting the number of Shares available to such Grantee. Notwithstanding the foregoing adjustments, in no event may any Option be exercised after ten years from the date it was originally granted.

21. Corporate Action

Notwithstanding anything contained under this Scheme, the Nomination and Remuneration Committee shall, inter alia, formulate the detailed terms and conditions of the AL ESOP 2016 including 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 this regard following shall be taken into consideration by the Nomination and Remuneration Committee:

- i. the number and the price of the Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action;
- ii. for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
- iii. the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Grantee.

22. Rights as a Shareholder

The Grantee shall have no rights as a shareholder of the Company with respect to the Shares subject to an Award Agreement until such time as the Exercise Price relating to such Option has been paid and the Shares have been issued and allotted to him or her.

23. No Right of Employment

The Grant of Options under this Scheme does not create a right to continued employment with the Company or its Subsidiaries. Nothing in this Scheme or Award Agreement shall interfere with or limit in any way the right of the Company or Subsidiary to terminate the employment of the Grantee at any time.

24. Tax Liability

- a) In the event of any tax liability, including any tax liability arising on account of change in the tax laws relating to the AL ESOP 2016, arising on account of the Grant of Options and /or allotment of the Shares to an Employee, the liability shall be that of the Employee alone and the Company shall be indemnified to the extent of applicable taxes, if any, levied at any point of time upon the Company in this regards.
- b) No Shares shall be issued to the Grantee or beneficiary, on Exercise of the Options under this Scheme unless appropriate taxes as required under the applicable tax laws, are discharged. Such taxes may either be deducted from the Grantee's salary and / or can be separately discharged by the Grantee by giving a cheque / demand draft to the Company for the said amount.
- c) The Company shall have the right to deduct from the salary, for any obligation towards tax deduction arising in connection with the Option or the Shares acquired upon the Exercise thereof.
- d) The Company shall have no obligation to deliver Shares or to release Shares in pursuance of the Option until the Company's tax deducting obligations, if any, have been satisfied by the Grantee.
- e) All tax liabilities arising on disposal of the Shares after Exercise would be handled by the Employee.

25. Interpretation and Amendments

The Nomination and Remuneration Committee may make such rules and regulations and establish such procedures for the administration of the Scheme, as it deems appropriate. In the event of a disagreement as to the interpretation of this Scheme or of any rule, regulation or procedure or as to any question, right or obligation arising from or related to the Scheme, the decision of the Nomination and Remuneration Committee shall be final.

The Nomination and Remuneration Committee may amend or terminate the Scheme from time to time in such respects as the Nomination and Remuneration Committee may deem advisable except that without approval of the holders of a majority of the outstanding equity shareholders no such revision or amendment shall change the number of Shares subject to the Scheme except in case of corporate actions which inter alia includes bonus issue, right issue, consolidation of Shares into Shares of larger denomination, split of Shares into Shares of smaller denomination etc., change the designation of the class of Employees eligible to receive Options, or add any material benefit to Grantees under the Scheme. Any amendment shall not affect the benefits already secured for the existing beneficiaries under this Scheme. Any amendment proposed under this provision shall be in compliance with all applicable laws.

26. Notices

All notices under the Scheme shall be in writing, and if to the Company, shall be delivered to the Scheme Administrator of the Company or mailed to its Registered Office addressed to the attention of the Company Secretary and if to the Employee shall be delivered personally or mailed to the Employee at the address appearing in the payroll records of the Company. Such address may be changed at any time by a written notice to the other party.

27. Termination of the Scheme

The Scheme shall terminate upon the earliest to occur of the following:

- a) The effective date of a resolution adopted by the Nomination and Remuneration Committee terminating the Scheme;
- b) The date all Shares subject to the Scheme are allotted pursuant to the Scheme's provisions; or

c) 10 years from the, date the Scheme is approved by the Company's shareholders.

No Options may be granted under the Scheme after the earliest to occur of the events or dates described in the foregoing paragraphs (a) through (c) of this Section but Options granted heretofore shall continue in force beyond that date pursuant to these terms.

No such termination of the Scheme shall affect the previously accrued rights of any Grantee hereunder and all Options previously granted hereunder shall continue in force and in operation after the termination of the Scheme, except as they may be otherwise terminated in accordance with the terms of the Scheme or the Award Agreement.

28. Other Terms

Options granted pursuant to the Scheme shall contain such other terms, provisions and conditions (which need not be identical) not inconsistent herewith as shall be determined by the Nomination and Remuneration Committee.

Notwithstanding anything to the contrary contained herein or in any Award Agreement, the Company shall not be required to issue Shares if the issuance violates any provision of any law or regulation of any government authority or SEBI or a stock exchange.

Participation in this Scheme shall not be construed as a guarantee of return on the Shares purchased from the Options and all shares acquired by them through the Scheme is subject to all market risks to which all shares in the capital of the Company are exposed and any loss due to fluctuations in the market price of the equity are that of the Grantee alone.

DRAFT AWARD AGREEMENT

TERMS:

A. GRANT OF OPTION

ASHOK LEYLAND LIMITED (the “Company”) hereby grants to the Employee named in the Letter of Grant attached to this Agreement (the “Grantee”) an option (the “Option”) to purchase the number of equity shares, as set forth in the Letter of Grant, at the exercise price per share set forth in the Letter of Grant (the “Exercise Price”), subject to the terms and conditions of the Plan.

B. EXERCISE OF OPTION

i. Right to Exercise:

The Grantee is hereby given the right to exercise the Option during the term in accordance with the Vesting Schedule set out in the Letter of Grant and the applicable provisions of the Plan in addition to this Award Agreement.

ii. Method of Exercise:

This Option is exercisable by delivery of an exercise notice (the “Exercise Notice”). Such Exercise Notice shall state the election of the Grantee to exercise the Option, the number of Equity Shares in respect of which the Option is being exercised (the “Exercised Equity Shares”), and such other representations and warranties as may be required pursuant to the provisions of the plan. The Exercise Notice duly filled in and completed by the Grantee shall be delivered to the Company. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price as to all Exercised Equity Shares. This Option shall be deemed to be exercised upon receipt by the Company of such fully executed Exercise Notice accompanied by such aggregate Exercise Price.

iii. Allotment of Exercised Shares:

On receipt of such Exercise notice from the Grantee, the Company shall take necessary steps as per the applicable provisions of law on the date of exercise of Options, for allotting the Exercised Equity Shares by the appropriate authority within such time as may be decided by the Nomination and Remuneration Committee ("Compensation Committee").

iv. Termination Period:

Subject to Applicable laws, this Option may be exercised within __ after the Grantee ceases to be an employee. Subject to Applicable laws, upon death of the Grantee, the legal heirs or nominee(s) may exercise this Option as per the terms prescribed in the Ashok Leyland Limited Employees Stock Option Scheme ("Scheme"). In the event of permanent disability, subject to applicable laws, the Grantee may exercise this Option for one year from the date of such permanent disability. In no event shall this Option be exercised later than the Term/Expiration Date as provided.

v. Method of Payment:

Payment of the aggregate Exercise Price for the number of shares opted for exercise shall be by cheque or Demand Draft payable at Chennai in favour of ASHOK LEYLAND LIMITED and shall accompany the exercise notice.

vi. Non - Transferability of Option:

Options granted to Grantee shall not be transferable to any person(s), and no person(s) other than the Employee to whom the option is granted shall be entitled to exercise the option, subject to the provisions as stipulated under clause No. iv herein. The option granted to the Grantee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution by nomination by the Grantee and may be exercised during the specified period. The terms of the Plan and this Award Agreement shall be binding upon the executors, administrators, heirs, successors, nominees and assignees of the Grantee.

vii. Term of Option:

This Option shall be exercised only within the term set out in the Letter of Grant, and shall be exercised during such term only in accordance with the Plan and the terms of this Award Agreement.

viii. Other terms of the Award Agreement:

- a) The Grantee agrees that the Company shall, at all times, have the first lien on all such shares which forms the subject matter of this agreement, to recover any and all amounts, of any nature whatsoever, payable by the Grantee either to Company (in discharge of any agreement with Company) or to any statutory authority in discharge of any obligations with regard to the Plan.
- b) The Grantee agrees that the Plan shall not form part of any contract of employment between Company and the Grantee and shall never be entitled to the same by way of right. The rights and obligations of the Grantee under the contract of employment shall not be affected by participation in the Plan, subject to following clauses:
 - i. The Grantee hereby agrees that he shall at all times keep confidential any and all information which he may have acquired during his association with the Company and shall not violate any of the Intellectual Property Rights vested and shall avoid disclosure or use of confidential information of the Company. Any breach of this provision shall entitle the company to terminate the Grantee's services immediately without notice and the Grantee's rights under the Plan shall stand terminated with immediate effect. The decision of Compensation Committee in this regard shall be final and binding.
 - ii. The Grantee agrees not to compete with the Company in any area of its operation for a period of one year from the cessation of his services for whatever reason, either directly or through his/ her relatives, representatives etc.
 - iii. The Grantee undertakes to abide by and comply with the existing provisions/stipulations as envisaged under Insider Trading Policy of the Company (including amendments from time to time).

- c) It is also agreed that the Plan shall not accord the Grantee any additional right(s) to compensation or damages in consequence of the termination of such office or employment for any reason.
- d) The Grantee agrees that the Company has not guaranteed any return to the Grantee on the securities envisioned under this agreement. Any loss due to fluctuation in the market price of the security including the shortfall in the expectations or projections and the risks employed with such securities shall be to the account of the Grantee alone.
- e) The Grantee hereby acknowledges that he has read the terms and conditions of the Plan and this agreement. The Grantee acknowledges that he has reviewed the Plan and this Award Agreement in its entirety, has had sufficient opportunity/time to obtain the advice of counsel prior to executing this Award Agreement and fully understood all provisions of the Plan and the Award Agreement and after understanding the consequences thereof, has agreed to the same.

C. ENTIRE AGREEMENT GOVERNING LAW

The Plan and this Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and Grantee, if any, with respect to the subject matter hereof, and may not be modified adversely to the Grantee's interest except by means of a writing signed by Company and Grantee. This agreement is governed by the applicable laws as defined in the Plan. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Award Agreement, the terms and conditions of the Plan shall prevail.

D. NO GUARANTEE OF CONTINUED SERVICE

The Grantee acknowledges and agrees that the vesting of equity shares pursuant to the vesting schedule hereof is earned only by continuing as an employee at the will of the company. The Grantee further acknowledges and agrees that this agreement, the transactions contemplated hereunder and the vesting schedule set forth herein do not constitute an express or implied promise of continued engagement as an employee for the vesting period or for any period, or at all, and shall not interfere with the Grantee's right or

the Company's right to terminate Grantee's relationship as an employee at any time, with or without cause.

E. DISPUTES

All disputes and claims arising under this Agreement and / or under the Scheme shall be referred to the sole arbitration of the Board of Directors of the Company and the award by them shall be binding. All Arbitration proceedings shall be in accordance with the provisions as laid down under the Indian Arbitration and Conciliation Act, 1996 or any statutory modification or enactment thereof. The venue of Arbitration shall be at Chennai.

F. NOTICES.

All notices required to be given under this Agreement shall be given in writing and proof of delivery be maintained.

G. FORCE MAJEURE

Neither party shall be liable for damages for any delay or failure to perform the obligations hereunder, if such delay or failure is due to causes beyond the control or without fault or negligence, including, without limitation, strikes, riots, wars, fires, epidemics, quarantine restrictions, unusually severe weather, earthquake, explosions, acts of God or state or any public enemy, or acts mandated by any applicable laws, regulation or order (whether valid or invalid) of any governmental body.

In case there is any change in the address of the Grantee, same shall be communicated in writing to the Company.

In witness whereof, the Grantee and the Company have set their hands to the Agreement to be effective from the Date of Grant.

Grantee Signature Name Designation Employee ID Residential Address	For Ashok Leyland Limited Date: No.1, Sardar Patel Road, Guindy, Chennai – 600 032
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WITNESS:

Signature

Name

Address

WITNESS:

Signature

Name

Address

LETTER OF GRANT

Date

Dear Sir,

The Nomination and Remuneration Committee of Ashok Leyland Limited has pleasure in inviting you to participate in the Ashok Leyland Limited Employee Stock Option Scheme ("AL ESOP 2016 or the Scheme") of the Company.

By virtue of the scheme, you are being offered _____ options convertible into equal number of equity shares of Re.1/- each.

The details of number of options granted, vesting date, exercise date, exercise price and manner of exercising the options and other terms and conditions are given in Annexure I.

The form of acceptance is given in Annexure II.

Thanking you,

Yours truly,

For Ashok Leyland Limited

Sd/-

Encl a/a.

Letter of Grant

NAME		
I. GRANT DETAILS		
Description	Grant Date	No of Options
Total Options granted		
II. VESTING DETAILS		
Description	Vesting Date	No of Options
Vesting Schedule		
III. EXERCISE DETAILS		
Number of Options	Due date	Exercise Price
Exercise of ____		

Terms and Conditions

1. The employees to whom the grant letter are issued shall be termed as "Grantee".
2. The options granted are personal to the grantee and cannot be transferred in any manner whatsoever.
3. Each option will entitle the employee to one Share of the Company and options issued to the grantee shall be convertible to equity shares only.
4. Grantee who wishes to accept the offer made shall deliver duly filled Acceptance Form (Annexure II) at the registered office of the Company addressed to Mr ____ on or before closing date ____.
5. Grantee who fails to return the Acceptance Form on/before the closing date is deemed to have rejected the offer and Acceptance Form received after the Closing date shall be invalid
6. Options granted shall vest on aforementioned vesting dates.
7. The grantee shall not have right to receive any dividend or to vote in any manner enjoy the benefits of shareholder in respect of option granted to him, till shares are issued on exercise of option.

- 8.** Subsequent to vesting date, grantee shall exercise the vested options on or before aforementioned exercise dates.
- 9.** For the purpose of exercise, grantee must deliver duly filled exercise form (Annexure III) in writing along with exercise Price by enclosing cheque in favor of ASHOK LEYLAND LIMITED on or before aforementioned exercise at the registered office of the Company.
- 10.** The Nomination and Compensation Committee shall verify and accordingly communicate to the employees about valid exercise.
- 11.** Each grantee under the Scheme may nominate, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his death before he receives all of such benefit by delivering nomination form (Annexure IV) to the company at the registered office of the Company.
- 12.** For other terms and condition relating to eligibility of employees, administration of the scheme, granting of options, method of acceptance, vesting of options, exercise price, exercise of options, termination of employment, notices and correspondence, nomination, non-transferability of options, corporate action, arbitration, regulatory approvals, accounting method and method of valuation, miscellaneous provisions, modification of scheme and term of the scheme, employees are requested to study and familiarise with scheme enclosed.

For Ashok Leyland Limited

Sd/-

ACCEPTANCE FORM

Date

From,

To,
Nomination and Remuneration Committee
Ashok Leyland Limited
No.1, Sardar Patel Road,
Guindy,
Chennai - 600 032

Dear Sir,

This is with reference to the letter of grant dated____ issued under the Ashok Leyland Limited Employees Stock Option Scheme 2016 (AL ESOP 2016) of the Company.

I have read the terms and conditions stipulated in the letter of Grant and AL ESOP Scheme 2016 and wish to subscribe to _____ options granted to me.

I undertake to be bound by the terms and conditions of the AL ESOP Scheme 2016 which I confirm that to be understood in entirety.

Yours faithfully,

EXERCISE FORM**Date****From****To,**

Nomination and Remuneration Committee

Ashok Leyland Limited

No.1, Sardar Patel Road,

Guindy,

Chennai - 600 032

Kind Attention:

I exercise my right to convert ____ options out of ____ options vested in me.

The following details are furnished:

PERSONAL DETAILS			
Name			
Address			
PAN			
GRANT AND EXERCISE DETAILS			
Particulars	Date	No of Options	
Total options granted			
Options vested			
Options exercised			
PAYMENT DETAILS			
Towards	Cheque date and Number	Amount	Name of the Bank

Yours faithfully

Name and signature

NOMINATION FORM

Date

To,

Nomination and Remuneration Committee
Ashok Leyland Limited
No.1, Sardar Patel Road,
Guindy,
Chennai - 600 032

Kind Attention:

Dear Sir,

In respect of the options to be exercised by me under the Ashok Leyland Limited Employee Stock Option Scheme 2016 of the Company, I hereby appoint my nominee in accordance with the Scheme. The details of the nomination are as follows:

Name of Employee

Nominee Details

Name

Relationship with the employee

Address

Yours faithfully,

Sd/-