

FORTIS HEALTHCARE LIMITED
EMPLOYEE STOCK OPTION SCHEME 2011 (MODIFIED)



FORTIS HEALTHCARE LIMITED

Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025

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1. Name, Objective and Terms of the Scheme

- i. This scheme shall be called the “Fortis Employee Stock Option Scheme 2011” (“Scheme”).
- ii. The objective of the Scheme is to reward the Employees for their association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to retain and attract talent in the organization. The Company views Employee Stock Options as instruments that would enable the Employees to share the value they create for the Company in the years to come.
- iii. The Scheme is established with effect from September 19, 2011 (modified with effect from September 29, 2012) and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the Options available for issuance under the Scheme have been issued and Exercised.

Provided any such termination of the Scheme shall not affect the options already granted and such options shall remain in full force and effect as if Scheme had not been terminated unless mutually agreed otherwise between the option grantee and the Company or the Committee.

- iv. The Board may subject to compliance with Applicable Laws, at any time alter or amend, the Scheme.

2. Definitions and Interpretation

2.1 Definitions

- i. “**Applicable Law**” means every law relating to Employee Stock Options, including, without limitation to, the Companies Act, 1956, Securities and Exchange Board of India Act, 1992, the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the Shares of the Company are listed or quoted. The Applicable Law includes any provision of the applicable law, rules, regulations, notifications, circular(s) or any other similar form of directives issued by the competent authority under the relevant applicable law.
- ii. “**Board**” means the Board of Directors of the Company.

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- iii. **“Companies Act”** means The Companies Act, 1956 and includes any statutory modifications or re-enactments thereof.
- iv. **“Company”** means “Fortis Healthcare Limited” incorporated in India on 28th February, 1996 having its registered office at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025 including its subsidiary (ies) as the context may admit.
- v. **“Company Policies/Terms of Employment”** means the Company’s policies for employees and the terms of employment as contained in the Employment Letter and the Company’s policies in force from time to time, which include but are not restricted to provisions for securing Confidentiality, Non- Compete and Non- Poaching of other Employees and customers, as may be applicable.
- vi. **“Committee” or “Compensation Committee or “Human Resource & Remuneration Committee”** means a Committee constituted by the Board of Directors from time to time inter-alia to administer the Scheme and will mean a Committee of the Board discharging functions of administering the Scheme by whatever name called. The Committee shall be a committee of the board of directors consisting of majority of Independent Directors.
- vii. **“Control”** shall have the same definition as given to the term in Regulation 2 (1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, (“SEBI Takeover Regulations”) or any amendment or re-enactment thereof from time to time, but shall not include any transfer of shares or change in control of management exempted under the said SEBI Takeover Regulations including any inter-se transfer of shares amongst existing Promoters of the Company or their relatives, whether by blood or by marriage.
- viii. **“Director”** means a member of the Board of the Company.
- ix. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting the Employee Stock Options to the Employees.
- x. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) a Director of the Company, whether a whole time Director or not; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this clause , of a Subsidiary company, in India or out of India, or of the Holding company of the Company in India or out of India, but excludes the following:

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- a. an employee who is a Promoter or belongs to the Promoter Group;
 - b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity Shares of the Company.
- xi. **“Employee Stock Option” or “Option”** means the Option granted to an Employee, which gives such Employee the right, but not an obligation, subject to the terms and conditions of this Scheme, to purchase or subscribe at a future date the Shares underlying the Option at a pre-determined price.
- xii. **“ESOP Trust” or “Trust”** means FHL Employees Welfare Trust, which is a Trust, established, by the Company to undertake measure for the benefit of the Employees of the Company and to administer the Scheme and hold Shares or other securities of the Company for the purposes of any of the Employee Stock Option Scheme(s) of the Company.
- xiii. **“Exercise”** of an Option means making of an application by an Employee to the Board / Committee for issuance of Shares against the Options vested in him, in pursuance of the Scheme, in accordance with the procedure laid down by the Board / Committee for exercise of options and will include Exercise of Options through the mechanism of the Trust.
- xiv. **“Exercise Period”** means such time period after Vesting within which the concerned Employee should exercise his rights to apply for Shares against the Options vested in him in pursuance of the Scheme.
- xv. **“Exercise Price”** means the price payable by an Employee in order to Exercise the Options granted to him in pursuance of the Scheme.
- xvi. **“Grant”** means issue of Options to the Employees under the Scheme.
- xvii. **“Grant Date”** means the date on which the Options are granted to an Option Grantee by the Committee under the Scheme.
- xviii. **“Group Company”** of the Company shall mean any company Controlled directly or indirectly by the Promoters or the Promoter Group of the Company or any company promoted by the Promoters or Promoter Group of the Company including joint-venture or affiliates of the Company i.e. entities where the company may have a minority stake but where an employee may get deputed.

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- xix. **“Independent Directors”** means a director of the Company, not being a Whole Time Director and who is neither a Promoter nor belonging to the Promoters Group.
- xx. **“Intrinsic Value”** means the excess of the market price of the shares under ESOS over the exercise price of the option.
- xxi. **“Market Price”** means the latest available closing price, prior to the date of meeting of the Board / Committee in which options are granted /Shares are issued, on the stock exchange on which the Shares of the Company are listed. If the Shares are listed on more than one Stock Exchange, then the Stock Exchange where there is highest trading volume on the said date shall be considered.
- xxii. **“Option Grantee”** means an Employee having a right to but not an obligation to Exercise in pursuance of the Scheme.
- xxiii. **“Parent Company/Holding Company”** means any holding company of the Company including as defined under the provisions of the Companies Act, 1956.
- xxiv. **“Permanent Disability”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Company.
- xxv. **“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 programme 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. 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.
- xxvi. **“Promoter Group”** means (a) 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); (b) entities whose shareholding is aggregated for the purpose of disclosing in an offer document under “shareholding of the promoter group”.

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- xxvii. **“Recognized Stock Exchange”** or **“Stock Exchange”** means the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) or any other Stock Exchange in India or outside India on which the Company’s Shares are listed.
- xxviii. **“Relative”** means immediate relative namely spouse, parent, brother, sister or child of the person or of the spouse.
- xxix. **“Retirement”** means retirement as per the rules of the Company including tenure of employment extended in certain cases by the Company or as the case may be, the rules of the Parent Company or the concerned Subsidiary Company.
- xxx. **“Scheme”** means this Fortis Employee Stock Option Scheme 2011 under which the Company is authorised to Grant Employee Stock Options to the Employees, as modified from time to time in compliance with all Applicable Laws, subject however that any such modification will not be construed any additional liability towards Tax or otherwise on the Company.
- xxxi. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations, circulars and clarifications issued there under.
- xxxii. **“SEBI Guidelines”** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and includes all regulations, circulars and clarifications issued thereunder.
- xxxiii. **“Share”** / **“Shares”** means equity shares of the Company and securities convertible into equity shares and shall include American Depository Receipts (ADRs), Global Depository Receipts (GDRs) or other depository receipts representing underlying equity shares or securities convertible into equity shares of the Company.
- xxxiv. **“Subsidiary company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 1956.
- xxxv. **“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 Scheme.
- xxxvi. **“Vesting Condition”** means any condition subject to which the Options Granted would vest in an Option Grantee.

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- xxxvii. **“Vesting Period”** means the period during which the Vesting of the Employee Stock Option Granted to the Employee, in pursuance of the Scheme takes place.
- xxxviii. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to Exercise the Option.
- xxxix. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to Exercise the Option.
- xl. **“Generic Clause”** all other expressions unless defined herein shall have the same meaning as have been assigned to them under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Securities and Exchange Board of India Act, 1992 or the Securities Contracts (Regulation) Act, 1956 or the Companies Act, 1956, SEBI (Disclosure and Investor Protection) Guidelines, or any statutory modification or re-enactment thereof, as the case may be.

2.2 Interpretation

In this Scheme, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) the verbs used in the present tense shall include and be also construed as the verbs in the past and the future tense and vice a versa;
- f) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

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3. Authority and Ceiling

- 3.1 The Board and the Shareholders of the Company have resolved that the maximum number of equity Shares of a face value of Rs. 10/- each that may be issued pursuant to the exercise of the Options granted in accordance with this Scheme shall not exceed 3 % of the paid up share capital of the Company i.e. 12,154,825 options (3% of 405,160,815 Equity Shares) . Each Option Granted under the Scheme shall confer a right upon the Employee to apply for one equity Share of the Company, in accordance with the terms and conditions of the Scheme.
- 3.2 If an Employee Stock Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grant, subject to compliance with all Applicable Laws.
- 3.3 Where Shares are issued consequent upon Exercise of an Employee Stock Option under the Scheme, the maximum number of Shares that can be issued under Scheme as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.4 In case of a share split or consolidation, if the revised face value of the equity shares is less or more (as the case may be) than the current face value as prevailing on the date of adoption of this Scheme by the Board, the maximum number of Shares available for being Granted under the Scheme as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of Shares X Face value per Share) prior to such share split or consolidation remains unchanged after such share split or consolidation. Thus, for example, if the prevailing face value of each share is Rs. 10 per share and the revised face value after the share split is Rs. 5 per share, the total number of Shares available under Scheme would be twice the maximum number of Shares specified in the Scheme.

4. Administration

- 4.1 The Scheme shall be administered by the Committee including through the Trust. All questions of interpretation of the Scheme or any Employee Stock Option shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the Scheme or such Employee Stock Option. Further any act of the majority of members of the committee present at any meeting (at which the quorum is present) or acts approved in writing by a majority of the entire committee shall be the acts of the committee for the purpose of the scheme.
- 4.2 The Committee shall in accordance with this Scheme and Applicable Laws determine the following amongst other matters:

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- (a) the Eligibility Criteria;
- (b) the quantum of Option to be Granted under the Scheme per Employee and in aggregate;
- (c) prescribe the Vesting Period and Vesting criteria;
- (d) 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;
- (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 conditions under which Option Vested in Employees may lapse including in case of termination of employment for material breach of Company's Policies;
- (g) the specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation of an Employee;
- (h) 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 issue, bonus issue, merger, sale of division and others. In this regard following shall be taken into consideration by the committee
 - (i) the number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS 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 option holders
- (j) the Grant, Vest and Exercise of Option in case of Employees who are on long leave;
- (k) the procedure for arrangement / funding to facilitate Exercise of Options;
- (l) establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme;
- (m) interpret any matter with respect to, connected with, arising out of or in relation to the Scheme, the award confirmation and the Vesting confirmation;
- (n) appoint such agents as it shall deem necessary for the proper administration of the Scheme;
- (o) determine or impose other conditions to the Grant or Exercise of Options under the Scheme, as it may deem appropriate;
- (p) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Scheme;

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- (q) shall frame suitable policies and systems to ensure that there is no violation of:
 - i. Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and
 - ii. Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995; by any Employee.
 - (r) Approve forms, writings and/or agreements for use in pursuance of the Scheme.
- 4.3 The Committee may, if it deems necessary, vary the terms of Scheme, subject to the Applicable Laws.

5. Eligibility and Applicability

Only Employees are eligible for being Granted Employee Stock Options under Scheme.

The specific Employees to whom the Options would be Granted and their Eligibility Criteria would be determined by the Committee.

6. Grant of Options

- 6.1 The Board/Committee may offer the Options to an Option Grantee in accordance with the terms and conditions of the Scheme for the time being in force.
- 6.2 Each Option will entitle the Option Grantee to one equity Share of the Company.
- 6.3 **The Board/Committee shall decide the number of Options that may be issued to an Employee pursuant to the Grant of the Options to each Option Grantee under this Scheme provided the maximum number of options granted to each employee shall not be equal to or exceed 1% of the issued equity share capital of the Company (excluding outstanding warrants and conversion). If the Shares to be allotted to an Option Grantee pursuant to Options Granted in a year equals or exceeds 1% of the issued capital of the Company (excluding outstanding warrants and conversions) at the time of Grant, approval of shareholders shall be obtained in this regard. Further, the face value of the Shares to be allotted to the non- resident Employees shall not exceed the limit provided under Applicable Laws. The Grant of the Options by the Board/Committee to the Option Grantee shall be made in writing and communicated to the Option Grantee. Such a Grant shall, amongst other aspects, state the number of Options Granted and the Exercise Price and the closing date of accepting the offer of Grant of Options.**
- 6.4 The closing date shall not be more than 60 (Sixty) days from the Grant Date. Any Option Grantee who fails to communicate acceptance on or before the closing date

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shall, unless the Board/Committee determines otherwise, be deemed to have rejected the offer to be issued the Options. Any acceptance received after the closing date shall not be valid.

- 6.5 An offer made under Clause 6.1 of the Scheme is personal to the Option Grantee and cannot be transferred in any manner whatsoever.

7 Facilitating Exercise of Stock Options

- 7.1 Any Option Grantee who has accepted an offer made pursuant to the Scheme shall also sign an Agreement, in such form and manner and subject to such terms and conditions as may be prescribed by the Board/Committee, if such Employee seeks to avail of a facility for financing the Exercise of the Stock Options.

- 7.2 The financing for the Exercise of Options may be facilitated through the mechanism of the Trust referred herein which would be subject to such terms and conditions as may be intimated by the Trust including entering into suitable documentation for the same or may be required by the Trust. It should be noted that the facilitation of financing the Exercise of the Options is an employee friendly measure being sought to be provided by the Company through the means of the Trust and should not be reckoned as an obligation of the Company to finance the Exercise of the Stock Options.

8 Vesting Schedule / Conditions

Otherwise than in respect of certain specified circumstances, Options Granted under the Scheme would Vest at the end of three years from the date of Grant of such Options. Vesting of Options would be subject to continued employment with the Company and thus the Options would Vest on passage of time. In addition to this, the Committee may also specify certain parameters subject to which the Options would Vest. The specific Vesting schedule and Conditions subject to which Vesting would take place would be outlined in the document given to the Option Grantee at the time of Grant of Options. The terms and conditions of Vesting could therefore differ among the Employees and shall not be considered invalid merely due to such different terms of Vesting being outlined for any Employee(s).

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9 Exercise

- a) The Exercise Price can be higher but shall not be less than the closing market price of the Company's Shares on the Stock Exchange showing highest volume of trading, on the day prior to the date of grant, as determined by the Committee. In case where there is no trading on any recognized stock exchange, the exercise price will be (a) the closing price of the shares on any recognized stock exchange on a date closest to the date of grant of the options and immediately preceding such date; or the closing price of the share on a recognized stock exchange, which records the highest volume in such share, if the closing price, as on the date closest to the date of grant of option and immediately preceding such date, is recorded on more than one recognized stock exchange.

Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Committee may decide.

- b) Subject to the terms specified herein in respect of specified circumstances, the Employee Stock Options Granted shall be capable of being exercised within a period of four years from the date of Vesting of the respective Employee Stock Options.
- c) In case of employees intent to have funding arrangement for exercise of options, the Company may itself fund or permit the empanelled stock brokers / financing entities 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, 1956.
- d) In the event of the death of an Employee while in employment of the Company or Group Company, all the Options Granted shall be vested in the Option Grantee's nominee or legal heirs and can be exercised immediately, but in no event later than one year from the date of vesting. In the event of death of Option Grantee within a period of one year from the date of Grant, the Vesting will commence from the date of first Vesting under the Grant.
- e) In the event of separation of an Employee from the Company or Group Company due to reasons of Permanent Disability, the option grantee may exercise its vested as well as unvested options immediately after permanent

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disability, but in no event later than one year from the date of separation from employment. In the event of death of the Option Grantee after such separation and before the expiry of one year from the date of such separation, the nominee/legal heir of such Option Grantee will be allowed to Exercise all Options of the Option Grantee before the expiry of one year from the date of such separation. In the event of Permanent Disability of Option Grantee within a period of one year from the date of Grant, the Vesting will commence from the date of first Vesting under the Grant.

- f) In the event of voluntary separation from employment due to Retirement:
- i. All Vested Options can be Exercised within a maximum period of one year from the date of Retirement or period remaining for exercise at the time of retirement, whichever is lower; and
 - ii. All Unvested Options shall be vested proportionately to the number of year served of the total plan period.
 - iii. In event of death of employee after retirement, his/ her legal heirs or nominees can exercise the options within aforesaid period(s) as the case may be.
- g) In the event of Voluntary resignation, all Unvested Options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date can be exercisable by the Employee within the notice period.
- h) In the event of Involuntary resignation (not on account of mis-conduct):
- i. all the Vested Options on the date of resignation can be exercised within notice period.
 - ii. all the Unvested Options as on the date of separation shall stand terminated unless otherwise determined by the Committee.
- i) In the event of abandonment of employment by an Option Grantee, all Employee Stock Options Granted to such Employee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect unless otherwise determined by the Committee whose determination will be final and binding.

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The Committee, at its sole discretion shall decide the date of abandonment by an Employee and such decision shall be binding on all concerned. If the Committee determines otherwise, the Vested Options can be Exercised within a period of six months from the date of abandonment.

- j) In the event of termination of the employment of an Option Grantee due to material breach of the Company Policies / the Terms of Employment (determined by the Committee whose determination will be final and binding)/ on account of Misconduct, all Employee Stock Options granted to such employee including the Vested Options which were not exercised at the time of such breach shall stand terminated with effect from such breach, the date of such breach shall be determined by the Committee and its decision on the issue shall be binding and final. If the Committee determines otherwise the Vested Options can be exercised within a period of Six Months from the date of material breach.
- k) In the event of separation from employment for reasons of Early Retirement at the behest of the Company,
- i. All Vested Options can be Exercised within a period of six months.; and
 - ii. All Unvested Options will lapse as on the date of such Retirement unless otherwise determined by the Committee whose determination will be final and binding.
- l) In the event of separation from employment for reasons of deputation / transfer to a Group Company at the behest of the Company:
- i. All Vested Options can be Exercised on the earlier of (a) within the Exercise Period of the Options; or (b) before ceasing to an employee of a Group Company; except in cases where the employee has been transferred to any other Group Company or has rejoined the Company, and
 - ii. In case of Unvested Options, the Vesting of Options will be accelerated and the same can be exercised within such period and subject to such terms and conditions as determined by the Committee whose determination will be final and binding.

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- m) In the event of separation from employment for reasons other than those mentioned above:
- i. all the Vested Options on the date of separation can be exercised within a period of 1 year from the date of such separation, and
 - ii. all the Unvested Options as on the date of separation shall stand terminated unless otherwise determined by the Committee.

10 Change of Control

Notwithstanding anything stated in this Scheme, in case any entity (“Acquirer”) acquires Control over the Company whether by purchase of new shares or purchase of existing shares of the Company which will lead to change in the Control of the Company, then such Acquirer shall be under an obligation to acquire (within thirty days of the acquisition of Control over the Company) and all the Unvested Options shall be vested on the date of change of Control and all the Employee(s) shall be under an obligation to transfer all and not less than all the equity Shares held by the Employee(s) pursuant to the Exercise of the Options in accordance with the Scheme to the Acquirer on the same price as offered by the Acquirer to purchase the shares resulting in change in Control in case of direct acquisition of Control over the Company and in case of indirect acquisition of Control over the Company, the price payable by the Acquirer to the public shareholders of the Company pursuant to the open offer made in accordance with the SEBI Takeover Regulations if an open offer has been actually made otherwise at the price calculated as if the open offer has been made (“Acquisition Price”), and all the Employee(s) shall be deemed all rights available to the Employee(s) under the Vested Options and/or Unvested Options and the Acquirer shall pay to each of the Employee(s) consideration for such relinquished Vested and Unvested Options which shall be equal to the difference between the per share Acquisition Price and the Exercise Price of the relevant Option. It is hereby clarified that no discounting would be applied for the fact that the Options would become vested only after expiry of specified time frame or for any other reasons.

Provided however that no Employee selling his/her Shares or relinquishing his/her Options as aforesaid to the Acquirer, shall be required to make any representations or warranties to any person in connection with such sale or relinquishment except representations and warranties as to the ownership of, good title to, absence of liens,

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charges, claims or other encumbrances on and authority to sell the Shares or relinquishing the Options, as the case may be.

11 Other Terms and Conditions

- 11.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 11.2 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 11.3 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Clause 4.2(h) of the Scheme.
- 11.4 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee or separation of an Option Grantee from the Company due to Permanent Disability, in which case clause 9 (d) or clause 9(e), as the case may be, would apply.
- 11.5 No person other than the Employee to whom the Employee Stock Option is Granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee or separation of an Option Grantee from the Company due to Permanent Disability, in which case clause 9 (d) or clause 9(e), as the case may be, would apply.
- 11.6 The options granted to a director, who is an employee of an institution and has been nominated by the said institution, shall not be renounced in favour of the institution nominating him.

12 Deduction of Tax

- i. The Option Grantee understands that Grant / Vesting / Exercise of an Option by the Company may be treated as a perquisite / income under the Income Tax Act, 1961,

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- {("the Income Tax Act") including any modification or re-enactment thereof} and that such / Vesting / Exercise may be subject to tax deduction at source. Further, the Option Grantee understands that any relinquishment of Options Granted in accordance with this Scheme or the sale of the shares issued pursuant to the Exercise of Options would be subject to tax as per the provisions of the extant Income Tax Act.
- ii. In the event of any amendments or modifications to the provisions of the Income Tax Act and/or the rules framed thereunder, as existing on the date of this Scheme, the Committee shall have the power to amend or modify this Scheme, without consent of the Employees or the Option Grantee or the Shareholders, as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications in the Income Tax Act and/or the rules framed thereunder not been made to the end and intent that no additional tax liability shall accrue to the Company as a result of any such amendment/modification in the Income Tax Act and/or the rules framed thereunder.
 - iii. The Company shall have the right to deduct from the Employee's total compensation (including by directing the concerned employer company which shall be bound by such direction), any tax obligations of the Employer Company or the Employee including obligations arising upon (i) the Exercise of the Options, and/or (ii) the transfer of any Shares acquired upon Exercise of the Options. For the avoidance of doubt, such taxes may include any taxes (including fringe benefit tax, if applicable) for which the Company is primarily responsible, but in respect of which it has been determined that they are recoverable from the Employee. The Company shall have no obligation to deliver Shares until the Company's tax obligations, if any, relating to Options, have been satisfied by the Option Grantee.
 - iv. The Company shall have the right to deduct, in connection with all Grants, all taxes, if any, required by any Applicable Laws to be deducted at source and to require any payments necessary to enable it to satisfy such obligations.

13 Authority to vary Terms

The Committee may, if it deems necessary, vary the terms of Scheme, subject to the Applicable Laws provided that no variation in terms of the Scheme in any manner can be undertaken which may be detrimental to the interests of the Employees.

14. Miscellaneous

14.1 Government Regulations

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This Scheme and all actions shall be subject to all Applicable Laws and approvals from governmental authorities, as required.

14.2 Inability to obtain authority

The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.

14.3 The Grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Employee Stock Option Granted to him in respect of any number of Shares or any expectation that an Employee Stock Option might be Granted to him whether subject to any condition or at all.

14.4 Neither the existence of this Scheme nor the fact that an individual has on any occasion been Granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Scheme by being Granted an Employee Stock Option on any other occasion.

14.5 The rights granted to an Option Grantee upon the Grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

14.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Employee Stock Option in whole or in part.

15. Severability

Each and every provision under this Scheme shall be treated as a separate provision and shall be severally enforceable as such. To the extent that any provision or provisions becomes unenforceable such provision or provisions shall be deemed to be

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deleted from this Scheme and any such deletion shall not affect the enforceability of the remainder of this Scheme not so deleted. To the extent permitted by applicable law, the Company shall in good faith to replace any such illegal, void or unenforceable provision by a lawful provision having an economic effect as close as possible to the original provision.

16. Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this Scheme shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company or through electronic mail to the official email id of the Option Grantee and any communication to be given by an Option Grantee to the Company in respect of Scheme shall be sent to the address mentioned below:

Kind Attn.: Company Secretary - Compliance & Secretarial

Fortis Healthcare Limited

Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025

E-mail: secretarial@fortishealthcare.com

17. Governing Law and Jurisdiction

- 17.1 The terms and conditions of the Scheme shall be governed by and construed in accordance with the laws of India.
- 17.2 The Courts of Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Scheme.
- 17.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Scheme:

(i) in any other court of competent jurisdiction; or

(ii) Concurrently in more than one jurisdiction.

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