

Strictly private & confidential

21-Jul-2022

Venkata Moorthi

(Employee No.:45669)

Dear Venkata,

Congratulations! It's a pleasure to honor you as a member of a select group of employees who are being granted Employee Stock Options ("Options").

You are an important member of Persistent Group (the "Company"). We all are committed to build the Company as a formidable organization and in the process, create value for all our stakeholders. While you help create this value, we would like you to get a share in this value, too.

It gives me great pleasure to inform you that you have been awarded **100** (One Hundred) Options under the 'Persistent Systems Limited - Employee Stock Option Plan 2017' ("**ESOP 2017**"). Each Option entitles you to one fully paid-up equity share in the Company. Being an option holder, you would be entitled to become a shareholder of the Company upon exercise of ESOPs granted to you, as per the terms of ESOP 2017.

The Options granted would vest as specified in the 'Particulars of Grant' attached with this letter. Each of the Options is being granted at the Exercise Price will be **INR 2988.00** (being 85% of INR 3,514.55 i.e. the closing price of the Shares on the National Stock Exchange of India Limited, having a higher trading volume on July 20, 2022). The salient features of ESOP 2017 are explained in "Understanding ESOP 2017" being enclosed herewith.

Once again, we congratulate you on your journey towards sharing the ownership of the Company and look forward to working with you.

With best wishes,

Dr. Anand Deshpande
Chairman and Managing Director

This is an electronically generated letter, hence does not require signature.

Reference:

Annexure 1: SEBI Disclosure – Uploaded on MYESOPS software
Annexure 2: Understanding ESOP 2017 - Uploaded on MYESOPS software
Annexure 3: Acceptance Form – To be accepted on MYESOPS software
Annexure 4: Nomination Form – To be provided on MYESOPS software
Annexure 5: Copy of ESOP 2017 - Uploaded on MYESOPS software

Particulars of Grant

Venkata Moorthi
Employee No.: 45669

The details of the grant are as follows:

Particulars of Grant	Details of Grant
Date of Grant of Options	July 21, 2022
Number of Options granted	100
Exercise price per Option	INR 2988.00 (being 85% of INR 3,514.55 i.e. the closing price of the Shares on the National Stock Exchange of India Limited, having a higher trading volume on July 20, 2022)
Exercise period	As per Clause 7.2 of ESOP 2017
Other terms	As per ESOP 2017

Vesting and Exercise schedule**Vesting Schedule**

Vesting date	No of Options	Vesting Type
21/Jul/2023	26	Time
21/Jul/2023	14	Performance
21/Jul/2024	20	Time
21/Jul/2024	10	Performance
21/Jul/2025	20	Time
21/Jul/2025	10	Performance

Each option on allotment entitles you to one Equity Share of INR 10 each. Subsequent to vesting, the Option Grantee shall exercise the Vested Options within a period of one year from the date of vesting (mentioned above) of the respective Employee Stock Options and shall lapse after expiry of the exercise period.

Vesting Criteria

a. Time Based (66%)

Dates of vesting	Vesting Criteria	Vesting condition(s)
On every anniversary from the date of grant	Time based	Continued employment/ service with the Company or its Subsidiary Company, on relevant date of vesting, as the case may be.
Total for 3 years		

b. Performance Based (34%)

Dates of vesting	Vesting Criteria	Vesting condition(s)
On every anniversary from the date of grant	1. Growth in total revenue for Last FY is greater than or equal to 12%; and 1. Growth in EPS for Last FY is greater than or equal to 12%.	Continued employment/ service with the Company or its Subsidiary Company, on relevant date of vesting, as the case may be.
Total for 3 years		

Tax Implications

The Perquisite Tax is payable in the country of employment at the time of exercise of options. The tax rate varies as per the tax slabs applicable to the concerned ESOP grantee. The ESOP grantee will pay the Perquisite Tax to the Company and the Company will make forward payment of the same to the Tax Authorities of concerned Government.

For Employees in India:

(a) At the time of grant and vesting of options

No tax is payable at the time of grant and vesting of options as per current Indian tax laws.

(b) At the time of exercise of options

The excess of 'Market Price' (MP) of the share on the date of exercise of option over the 'Exercise price' is treated as the perquisite value in the hands of the employee.

Since the Stock Options are being granted by Persistent Systems Limited, an Indian listed company, the Perquisite Tax upon Exercise of these options will be payable in India. The Company will provide you prescribed certificate (Form 16/16A) for such Perquisite Tax paid in India, for claiming credit while filing your individual tax returns.

(c) At the time of sale of shares:

At the time of sale of shares, you would be liable to capital gain tax. The tax is calculated on the difference between the net selling price and the MP of the equity shares on the date of exercise.

As per the prevailing taxation laws in India, if shares are held for more than 12 months before such sale, the gain (Long-term Capital Gain) from such sale is taxed at a more favourable rate than if such shares are sold within 12 months from the date of allotment.

For Locations Other than India:

In case of any further guidance from the Company about the applicable regulatory and taxation Compliances to the option grantees w.r.t. this grant, the Company will send a separate communication in due course.

Taxation laws may change periodically, and it is highly recommended that you consult your Tax Advisor to understand the tax implications at the time of exercise and sale of such shares. In case of any doubt or query with respect to ESOP Taxation, we would recommend you approach your Tax Advisor.

Important terms and conditions

- Hereinafter, employee to whom the grant letter is issued shall be termed as Option Grantee.
- Entitlement to any benefits under the ESOP 2017 is subject to the compliance of terms and conditions stipulated therein read with terms specified in the grant letter and on acceptance of grant, such terms and conditions shall be deemed as if an agreement between the Company and the Option Grantee.
- An Option Grantee cannot pledge, hypothecate, transfer or alienate the Options granted to him in any manner whatsoever, except in case of death, the Options can be legally transmitted to his/her nominee or legal heir.
- No person other than the Option Grantee to whom Option is granted shall be entitled to exercise the Options except in the event of the death of the Option Grantee, in which case his/her nominee or legal heir can exercise.
- The Option Grantee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Options granted till Shares underlying such Options are issued by the Company on exercise of such Option.
- The Company shall have the right to deduct from the Option Grantee's salary or in the alternate shall have the right to recover, any of the tax obligations arising in connection with the exercise of Options or the shares allotted upon the exercise thereof.
- The Company shall have no obligation to deliver shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee in full.
- The Option Grantee specifically confirms to the Company by signing the Acceptance Form, that he/she is aware that the information regarding his Option entitlements in this Grant, is strictly confidential and that he shall not reveal/ share any related information or details with any person (including his peers, colleagues, or with any employee, ex-employee) and/ or associate of the Company or that of its affiliates. In case the Option Grantee is found to be in breach of this confidentiality provision, the Company shall have the undisputed right to deal with Options under reference including cancellation of unexercised Options. The decision and judgment of the Company regarding breach of this provision shall be final, binding and cannot be questioned.
- The Option Grantee agrees that the Company may be required to disclose information relating to the Option Grantee during the process of implementation or administration of ESOP 2017 or while availing services relating to Options consulting, advisory services or Option Management services and/ or any other such incidental services. The Option Grantee hereby accords his consent that such confidential information regarding his Option entitlements or any other requisite personal information may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.
- Vesting of options would be subject to continued employment with the Company.
- **Legal compliance prior to issuance of shares:** Shares will not be transferred to an employee pursuant to the exercise of options unless the exercise of such options and the delivery of such shares will comply with applicable laws.
- **Inability to obtain authority:** The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the administrator to be necessary to the lawful transfer of any shares hereunder, will relive the Company of any liability in respect of the failure to transfer such shares as to which such requisite authority will not have been obtained.
- **No effect on employment or service:** Neither the plan nor any options will confer upon a participant any right w.r.t. continuing the employee's service relationship with the Company, nor will they interfere in any way with the employee's right or the Company's right to terminate such relationship at any time, with or without cause, to the extent permitted by applicable laws.

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 Recruitment and Remuneration or damages in consequence of the loss or termination of his office or employment with any present or past member of the group or associated company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

- **Lock-in Period:** There will be no lock-in period in respect of the Shares received post exercise of the Award.
- **Amendment and Termination of the Plan**
 - a. Amendment and Termination: Subject to Applicable Laws, the Nomination and Remuneration Committee may at any time, alter, suspend or terminate the plan.
 - b. Shareholders Approval: The Company will obtain approval of its shareholders by way of special resolution in a general meeting of the Company for any amendment to the ESOP 2017 to the extent necessary and desirable to comply with Applicable Laws. The notice for passing special resolution shall contain the information as set out in the applicable Regulations and other Applicable Laws including any circulars issued by SEBI.
 - c. Effect of Amendment or Termination: No amendment, alteration, suspension or termination of the Plan will impair the rights of any participant unless agreed to by the Participant. Termination of the Plan will not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to options granted under the ESOP 2017 prior to the date of such termination.
- He shall not engage himself in activities that have or will have an adverse impact on the reputation of the Company.
- While during employment with the Company, he shall engage himself exclusively in the work assigned by the Company and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- He shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities, which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company.
- In consideration of the Employee Stock Options granted to the Option Grantee, as also, opportunities, training and access to new techniques and know-how that have been made available to the Option Grantee, he shall also strictly abide by any and all of the terms of the Undertaking executed by him in favour of the Company.
- He shall maintain as secret and confidential all Confidential Information (as defined herein) and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company) or as may be required by the Company.
- **Leave of Absence:**

If the Option Grantee takes any leave without pay or sick leave or any other bona fide leave of absence for continuous 30 days or more, such leave of absence will not be treated as continuous service by an Option Grantee for the purpose of the ESOP 2017.
- **Rights as a Shareholder or an Employee:**

The Option Grantee shall have no rights as a Shareholder with respect to any Shares covered by the Employee Stock Options until the date of transfer of the Shares for which the Employee Stock Option has been exercised. No adjustment, except as provided under Clause 8.1 of the ESOP 2017, shall be made for dividend distributions or other rights for which the record date is prior to the date of such transfer.

- **Governing Law and Jurisdiction**

The terms and conditions of this Grant Letter shall be governed by and construed in accordance with the laws of India.

The Courts of Pune, Maharashtra, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Grant Letter and the Company and all Employees shall submit themselves to the jurisdiction of the Courts of Pune in connection with this Grant Letter.

Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Grant Letter:

- a. in any other court of competent jurisdiction; or
- b. Concurrently in more than one jurisdiction.

- **Confidentiality Undertaking**

The Option Grantee specifically confirms and covenants to the Company that he / she is aware that the information regarding his ESOP entitlements as contained in this letter is strictly confidential and that he can't reveal/ share this information with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this Confidentiality Undertaking, the Company has undisputed right to cancel this grant letter and all unexercised options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality Undertaking shall be final and cannot be questioned by Option Grantee.

The Option Grantee agrees that the Company may be required to disclose information of the option grantee during the process of implementation of the ESOS for the benefit of the option grantee or while availing services relating to ESOS consulting, advisory services or ESOS Management services and/ or any other such incidental services. The Option Grantee hereby accords his consent that such confidential information regarding his ESOS entitlements may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.

- **Exercise of options in case of separation of employees**

The Stock Options can be exercised as per the provisions outlined in the table below:

Particulars		Vested Options	Unvested Options
a.	While in employment	Can be Exercised on or before the last date of exercise mentioned in this letter.	The Options would continue to vest as per the original Vesting schedule.
b.	Resignation / Termination (other than due to Misconduct or Breach of Company Policies/Terms of Employment)	All the Vested Options as on the date of submission of resignation/ date of termination can be exercised by the Option Grantee by his last working day or on or before the last date of exercise mentioned in this letter whichever is earlier.	All Unvested Options as on the date of submission of resignation/ date of termination shall stand cancelled with effect from that date.

Particulars		Vested Options	Unvested Options
c.	Termination due to Misconduct or Breach of Company Policies/Terms of Employment	All the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.	All Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.
d.	Retirement	All Vested Options can be exercised by the Option Grantee, immediately after, but in no event later than three months from the date of Retirement or on or before the last date of exercise mentioned in this letter whichever is earlier.	All Unvested Options as on the date of retirement shall vest in accordance with the respective vesting schedules in accordance with the company's policies
e.	Death	All Vested Options may be exercised by the deceased Option Grantee's nominee or legal heir immediately after, but in no event later than six months from the date of death or on or before the last date of exercise mentioned in this letter whichever is earlier.	All the Unvested Options as on the date of death shall vest immediately and can be exercised as per provisions that apply to Vested Options.
f.	Termination due to Permanent Incapacity	All Vested Options as on date of incurring of such incapacity may be exercised by the Option Grantee immediately after, but in no event later than six months from the date of such incapacity or on or before the last date of exercise mentioned in this letter whichever is earlier.	All the Unvested Options as on the date of incurring of such incapacity shall vest immediately and can be exercised as per provisions that apply to Vested Options.
g.	Other Reasons Apart from those mentioned above	The Nomination and Remuneration Committee will decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

Additional Terms with respect to Termination:

Although your employment is at-will, if the Company elects to terminate your employment for any reason other than "Cause" (as defined below) during the first year from your Start Date subject to your signing the Company's

standard separation agreement, the Company will pay you a severance amount equivalent to the unvested stock options that would have become due for vesting in the six month period from the date of severance.

If the termination of your employment by the Company is for “Cause”, you will not be entitled to any payments specified in this Offer Letter but will only be paid amounts due to you as required by law.

“Cause” is defined as: (i) the indictment of you of a felony, or of a misdemeanour involving moral turpitude, or of fraud; or (ii) any act by you constituting a violation of a Company written policy after written notice to you and an opportunity for you to cure such violation (if such violation is curable) within ten (10) business days of such written notice; or (iii) repeated failure by you to follow a directive of your reporting supervisor, the Company Board or the Chairman of the Board and such repeated failure has not been cured within 48 hours after oral or written notice of such repeated failure, or (iv) in the reasonable opinion of your reporting supervisor with the advice of the Company’s legal department, a failure by you to follow a law or regulation applicable to you in your conduct of the Company’s business, and such failure is or could be injurious to the Company, or (v) a violation of the terms of your Employment Offer Letter.

Requirement of acceptance of grant

- In case you wish to accept the grant, you should provide your acceptance online through MyESOPS portal on or before 12-Sep-2022 (“Closing Date”) from the date of the grant as specified in this grant letter.
- In case of non-submission of the Acceptance Form on or before the Closing Date, it shall be deemed as if this offer has been rejected. Acceptance Forms received after the Closing Date shall not be valid and shall be deemed as if not submitted.