

## **PEL ESOP - 2015**

To encourage and motivate selected salaried employees of Piramal Enterprises Limited (*hereinafter referred to as “PEL” or “the Company”*) and its Subsidiaries in strengthening and improving their performance, thereby contributing to the overall growth of the Company, the Company had formulated ESOP Schemes under which, such employees became eligible to exercise Stock Options that were vested in them under such ESOP Schemes, which were amended from time to time *inter alia* to comply with Guidelines issued by the Securities and Exchange Board of India (“SEBI”).

On October 28, 2014, SEBI notified the SEBI (Share Based Employee Benefits) Regulations, 2014 (“SEBI Regulations”) which replaced the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 (“SEBI Guidelines”). To make its existing ESOP Scheme compliant with the SEBI Regulations, the Company has formulated and implemented this Scheme called the Employees’ Stock Ownership Plan - 2015 (“ESOP Scheme 2015”), thereby replacing the then prevailing Scheme which was called the Piramal Healthcare Employees Stock Ownership Plan 2006.

Pursuant to the merger of Piramal Phytocare Limited with the Company in December, 2019, the Piramal Phytocare Limited Senior Employees Option Trust (“PPL Option Trust”), which holds shares of the Company, was deemed to be established by the Company for the benefit of its employees. Accordingly, in addition to the Trust (*as defined below*), this ESOP Scheme 2015/ Plan, as amended from time to time, shall also be implemented by the PPL Option Trust and the shares of the Company held by the PPL Option Trust shall be utilized for the purposes of this ESOP Scheme 2015/ Plan.

The ESOP Scheme 2015 is as follows:

## **EMPLOYEE STOCK OWNERSHIP PLAN-2015**

### **1. DEFINITIONS**

- (a) The “Plan” or “ESOP” shall mean the Employees’ Stock Ownership Plan as described in this document and approved by the Trustees of the Trust.

- (b) “associate company” shall have the same meaning as defined under section 2(6) of the Companies Act, 2013;
- (c) "Board" means the Securities and Exchange Board of India or SEBI;
- (d) “compensation committee” shall mean the Nomination & Remuneration Committee constituted by PEL for administration and superintendence of the schemes and where such Committee is reconstituted or renamed, or where the Board of Directors of PEL appoints another Committee to discharge the role of the Compensation Committee under the SEBI Regulations, it shall mean such Committee as may be so reconstituted or renamed or appointed;
- (e) “Company” or “PEL” shall mean Piramal Enterprises Limited
- (f) “Employee” shall mean:
- (i) the permanent employees of PEL, whether working in India or out of India;
  - (ii) directors of PEL, whether a whole-time director or not; but excluding an independent director; or
  - (iii) employee as defined in sub clauses (i) and (ii) above, of a subsidiary in India or outside India; or of a holding company of the company but does not include-
    - a. An employee who is a promoter or a person belonging to the promoter group; or
    - b. 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;
  - (iv) such other persons, as may from time to time be allowed under prevailing applicable laws and regulations and as may be approved by the Board for this purpose.
- (g) “Eligible Employee” shall mean an employee to whom this Scheme applies and in respect of whom a recommendation has been made by the Compensation Committee to the Trustee asking the Trustee to allot options to the Employee in terms of the

Plan;

- (h) “employee stock option scheme” or “ESOS” or “Scheme” means this Scheme as amended from time to time;
- (i) "exercise" means making of an application by the employee to the company or to the Trust or the PPL Option Trust for issue of shares or appreciation in form of cash or both, as the case may be, against vested options in pursuance of this Scheme or earlier ESOP Schemes of the Company;
- (j) “exercise period” means the time period after vesting within which an employee should exercise his/ her right to apply for shares against vested options in pursuance of this Scheme or earlier ESOP Schemes of the Company;
- (k) “exercise price” means the price, if any, payable by the employee for exercising the option granted to him/ her in pursuance of this Scheme or earlier ESOP Schemes of the Company;
- (l) “grant" means the process by which the Company issues options under this Scheme;
- (m) “grant date” means the date on which the Compensation Committee approves the grant;
- (n) “market price” means the latest available closing price on a recognised stock exchange on which the shares of the Company are listed on the date immediately prior to the relevant date.  
Explanation.- If such shares are listed on more than one stock exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price;
- (o) "option" means the option given to an employee which gives him/ her a right to purchase or subscribe at a future date, the shares offered by the Company, directly or indirectly, at a pre-determined price;
- (p) “option grantee” means an employee having a right but not an obligation to exercise an option granted to him/ her;
- (q) “Other Securities” shall include preference shares, debentures, convertible or

otherwise, that may have been issued by PEL or any warrants/options/rights, etc. which would entitle the holder to subscribe for or otherwise acquire any equity shares, preference shares, debentures, convertible or otherwise of PEL.

- (r) "PPL Option Trust" means the Piramal Phytocare Limited Senior Employees Option Trust constituted under the trust deed dated July 7, 2009.
- (s) "SEBI Regulations" means Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as may be modified or amended by the Board from time to time;
- (t) "Secondary Acquisition" shall have the meaning ascribed to it in clause 4(c) below;
- (u) "Trust" means the Piramal Enterprises Limited Senior Employees Welfare Trust created by the Company under the trust deed dated August 16, 1995 for the benefit of the Company's employees and to implement schemes for providing incentives / motivation to employees (including this Plan);
- (v) "Trustee" means a trustee of either the Trust or PPL Option Trust as the case may be;
- (w) "vesting" means the process by which the employee becomes entitled to receive the benefit of a grant made to him/ her in pursuance of this Scheme or earlier ESOP Schemes of the Company;
- (x) "vesting period" means the period during which the vesting of option or a benefit granted in pursuance of this Scheme or earlier ESOP Schemes of the Company takes place;
- (y) Words not defined herein shall have the same meaning as that defined in the SEBI Regulations.

## **2. Effective Date and Applicability**

The Plan shall come into effect from the date of its approval by the Trustees of the Trust, on the recommendation of the Compensation Committee, and shall be subject to ratification by the shareholders of PEL.

This Scheme shall apply to all Employees of the Company and its subsidiaries.

Ceiling on offer under the plan

The maximum number of Options granted per employee shall not exceed 1% of the issued shares of the Company at that time (each Option providing an entitlement to one share of the Company). The aggregate of all such Options granted shall not exceed 5% of the issued shares of the Company at that time.

The Company shall conform to the applicable provisions of the SEBI Guidelines and/or such other guidelines as may be applicable, from time to time.

Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation of the Employees or otherwise, would be available for re-grant at a future date, subject to compliance with the SEBI Regulations and other applicable laws, as the case may be.

### **3. Compensation Committee**

The ESOP Scheme of the Company being implemented through the Trust and the PPL Option Trust, the Compensation Committee has, in compliance with the SEBI Regulations, delegated the administration of the ESOP Scheme to the Trust and/ or the PPL Option Trust, as the case may be.

- (a) An employee shall be eligible to participate in the schemes of the company as determined by the Compensation Committee.
- (b) The Compensation Committee shall be a committee comprising such members of the Board of Directors of the Company as provided under Section 178 of the Companies Act, 2013, as amended or modified from time to time.

### **4. Implementation of schemes through the Trust and PPL Option Trust**

- (a) This Plan is being implemented through the Trust and the PPL Option Trust.
- (b) PEL may formulate and implement several schemes as permitted under SEBI regulations through the Trust and the PPL Option Trust.

- (c) The Trust may, subject to the SEBI regulations and other applicable laws, acquire shares of the Company through direct allotment from the Company or Secondary Acquisition for the purposes of implementing this Plan subject to the limits specified and the other provisions contained in the SEBI Regulations.
- (d) The Trust shall utilize the shares of the Company acquired/ held by it for the purpose of either transferring them to the option grantees or selling them and transferring the requisite amount to the option grantees upon exercise/ cashless exercise of the options in accordance with this Plan.
- (e) Subject to the requirements of Companies Act, 2013 read with Companies (Share Capital and Debenture) Rules, 2014, as amended from time to time, as may be applicable, the Company may lend monies to the Trust on appropriate terms and conditions to acquire the shares either through new issue or Secondary Acquisition, for the purposes of implementation of this Plan.

## **5. Grant of Stock Options**

Within four months of commencement of each year, the Compensation Committee shall intimate to the Trustees in writing the number of options to be allotted to each eligible employee specifying therein the grant date(s), number of options to be granted, vesting date(s), exercise date(s) and the exercise price.

Upon receipt of the intimation, the Trustee may offer the options to the eligible Employee and inform the Employee concerned of:

- (i) the number of options granted to him/ her;
- (ii) the particulars of the shares or other securities forming part of the option granted to him/ her;
- (iii) date(s) of grant, number of options to be granted, the vesting date(s), the exercise price and the exercise period.
- (iv) performance parameters to be fulfilled by the eligible employee for being entitled to vesting.
- (v) Subject to conforming to the accounting policies as stated in the SEBI Regulations, the exercise price which shall be such price as is determined by the Trustees not being higher than, the higher of:

- (a) market price on the date of grant; or
- (b) average of the price prevailing for the type of share or other security in respect of which the option is granted during the 3 (three) months immediately preceding the date on which the option is offered to the Employee; or
- (c) the issue price of any such shares or securities if the same have been issued within three months prior to the grant of option.

In the case of corporate action like rights issue, bonus issue, sub-division of shares, merger, sale of division and others, fair and reasonable adjustment shall be made to the number of Options or exercise price or both at the sole discretion of the Compensation Committee.

## **6. Vesting**

Stock options granted shall vest or shall be approved for vesting with eligible Employees at any time after a period of twelve months from the date of grant of options, provided the Eligible Employees qualify in the opinion of the Compensation Committee, for such vesting based on the performance target(s). Such vesting may either be in one installment i.e. all options may vest at one time or, the vesting may be phased over such period and in such quantum as the Compensation Committee may decide from time to time. Where the vesting is phase wise, the maximum period over which such vesting may be phased shall be five years. The Compensation Committee shall intimate to the Trustees details relating to the vesting of options, who after considering the recommendations of the Compensation Committee, communicate the same to the concerned employees.

## **7. Re-pricing of Options**

- (i) The Trustees may from time to time, re-price stock options that have not been exercised by the Eligible Employees (including stock options that have been granted and/ or vested under earlier ESOP Plans but not yet exercised), where such stock options have been rendered unattractive due to the market price of the shares/ securities being less than the exercise price thereof, on such terms and conditions, including without prejudice to the generality of the foregoing, simultaneous reduction in the number of options consequent to such re-pricing. The Trustees shall take into consideration the recommendations, if any, of the Compensation Committee relating to such Re-pricing.
- (ii) Where pursuant to any law, rule or regulation, the Trustees and/ or the Company

is required to pay any tax, duty or levy or incurs any other financial liability which directly arises out of or is directly attributable to the grant, vesting and/ or exercise of options (whether under this Plan or under earlier ESOP Plans), the Trustees and/ or the Company may recover such tax, duty or levy or other financial liability from the concerned Employees in such manner and at such time or times as the Trustees and/ or the Company may deem fit.

## **8. Non-transferability of option**

1. Stock options shall be non-transferable. No person other than the employee to whom the option is granted shall be entitled to the benefit arising out of such options.

Provided that in case of ESOS under cashless exercise, PEL may itself fund or permit the empanelled stock brokers 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 applicable law or regulations

2. Options granted shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner by the employees.

In an event of death of employee while in employment, all options granted to him/ her till such date shall, subject to fulfillment of targets, vest with the legal heirs or nominees of deceased employee.

3. Where an employee suffers from a permanent incapacity, while in employment, all the options granted to him/ her as on the date of permanent incapacitation, shall vest in him/ her on that day.
4. Subject to any directive that may be given by the Compensation Committee, in an event of resignation or termination of employment all options granted and yet not vested on that day shall expire.
5. Subject to any directive that may be given by the Compensation Committee, in an event of termination of employment due to misconduct, all options vested but not exercised on the day of such termination together with all options granted and not vested, shall expire. Additionally, any gross benefit arising from options vested and exercised in the past years from the date of termination, may be clawed back and



recovered.

6. In the event an employee is transferred or deputed to a subsidiary or holding or Associate company prior to vesting or exercise, the vesting and exercise as per the terms of the grant shall continue for such employee who is transferred.

## **9. Exercise of option**

Eligible Employees (or in the event of death, their legal heirs/ nominees) can exercise the stock options vested in them within a period of five years (or such other period, not being less than one year, as may be determined by the Compensation Committee from time to time) from the vesting date and in such manner as decided by the Compensation Committee. It is clarified that where the options are vested in a phased manner as mentioned in clause 6 above, the 'vesting date' referred to hereinabove, would be with reference to the actual vesting of options or any other benefit at each phase/ installment of vesting. In case the employee voluntarily terminates the employment or the employment gets terminated due to any cause, other than misconduct, any stock options outstanding (i.e. vested and eligible for exercise but not exercised) may be exercised but within a period of 7 days from the date of termination of employment failing which the same, alongwith the other options, if any, vested in such employee, shall lapse.

The duration of the long leave, and the procedure and terms for the grant, vesting, and exercise of Option in case of employees who are on long leave shall be as decided by the Compensation Committee.

The Employees can exercise the options by:

- Making an application to the Trustee;
- Making appropriate payment of the exercise price to the Trustee; and
- Taking delivery of all shares, and other securities to which the Employee is entitled in terms of the Plan.

The Employee may at his discretion choose to exercise only a part of the option i.e. he may choose to exercise and acquire only some of the shares or other securities to which he is entitled in terms of options vested. Options granted shall expire, if the employees do not exercise it within the exercise period.

Subject to applicable regulatory requirements, shares acquired under the Plan would not be subject to any lock-in period.

#### **10. Dividends/ Voting Rights /Bonus shares**

No employee shall have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to him/ her, till shares are allotted to them pursuant to exercise of option.

#### **11. Variation of Terms**

(a) PEL shall vary the terms of the schemes in a manner, which is not detrimental to the interests of the employees. However, PEL will be entitled to vary the terms of the schemes to meet any regulatory requirements.

(b) Subject to the above sub-clause, PEL may by special resolution in a general meeting vary the terms of the Scheme offered pursuant to an earlier resolution of the general body but not yet exercised by the employee provided such variation is not prejudicial to the interests of the employees.

(c) The provisions of clause 11 above, shall apply to such variation of terms as they apply to the original grant of option, as the case may be.

(d) The notice for passing special resolution for variation of terms of the schemes shall disclose full details of the variation, the rationale therefor and comply with other applicable regulatory requirements.

#### **12. Winding up of the Schemes**

In case of winding up of the schemes being implemented by PEL through the Trust and the PPL Option Trust, the excess monies or shares remaining with the Trust and/ or the PPL Option Trust after meeting all the obligations, if any, shall be utilized for repayment of loan or by way of distribution to employees as recommended by the Compensation Committee.

#### **13. Compliance with SEBI Regulations**

The Scheme / Plan shall be in compliance with the SEBI Regulations as amended from time to time.

#### **14. Administration and Implementation**

1. Subject to the provisions of SEBI regulations, ESOS shall contain the details of the manner in which the scheme will be implemented and operated.
2. No ESOS shall be offered unless, PEL makes the specified disclosures to the prospective grantees as specified by the Board in this regard.

#### **15. Pricing**

PEL will have the freedom to determine the exercise price subject to conforming to the accounting policies as specified by SEBI regulations.

#### **16. Vesting Period**

1. There shall be a minimum vesting period of one year.
2. PEL shall specify the lock-in period for the shares issued under this scheme.
3. In case where options granted by a company under an ESOS in lieu of options held by a person under an ESOS in another company which has merged or amalgamated with that company, the period during which the options granted by the transferor company were held by him shall be adjusted against the minimum vesting period required under this sub-regulation.

#### **17. Consequence of failure to exercise option**

1. PEL may forfeit the amount payable by employee, if any, at the time of grant of option, if the option is not exercised by the employee within the exercise period; or
2. PEL may refund the amount payable by employee, if any, at the time of grant of option, if options are not vested due to non-fulfillment of conditions relating to vesting of options as per the Scheme.

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