

## **HAVELLS INDIA LIMITED**

### **HAVELLS EMPLOYEES STOCK PURCHASE SCHEME 2016**

#### **1. NAME OF THE PLAN**

This scheme shall be termed as the Havells Employees Stock Purchase Scheme 2016 (“**ESPS 2016**”/ “**Scheme**”).

#### **2. EFFECTIVE DATE**

ESPS 2016 shall become effective from April 1, 2016 subject to the approval from the shareholders at the general meeting, and shall continue to be in force until the date on which all of the Shares available for issuance under the ESPS 2016 have been granted and vested.

#### **3. PURPOSE OF ESPS 2016**

The purpose of the ESPS 2016 is to motivate the employees of Havells India Limited (“Company”) with incentives and reward their performance with ownership in proportion to the contribution made by them and to align the interests of the employees with that of the Company. Such exercise will create sense of ownership and participation amongst the employees and will ensure creation of value for the shareholders.

#### **4. DEFINITIONS**

In this ESPS 2016, all capitalised terms will have the meaning as defined in Schedule A.

#### **5. ADMINISTRATION OF THE ESPS 2016**

- 5.1 The ESPS 2016 will be administered by Havells Employees Welfare Trust or any other trust (“**Trust**”) as may be decided by the Company, under the supervision of the Committee. Provided that the SEBI specified minimum provisions shall always be included in the trust deed of the Trust, and such trust deed or any modifications thereto shall be filed with Stock Exchanges in India where the shares of the Company are listed and with such other authorities as may be statutorily required. Currently, the specified provisions to be included in the trust deed are as per Schedule B and shall be incorporated accordingly.
- 5.2 Subject to the provisions of the ESPS 2016 and Applicable Laws, the Trust will convey the award of Shares, interpret the ESPS 2016 for the purposes of administering the ESPS 2016, and make such other determinations and take such actions as it deems necessary or advisable. The Trust may rely upon the advice and assistance of any professional it deems appropriate in administering the ESPS 2016.
- 5.3 Subject to the powers of the Compensation Committee, any decision of the Trust in the administration of the ESPS 2016, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Eligible Employees or their Beneficiaries).

- 5.4 No trustee of the Trust will be liable for any action or determination taken or made in good faith.

## **6. ROLE OF THE COMPENSATION COMMITTEE**

- 6.1 The Compensation Committee shall be fully empowered to implement the scheme including but not limited to the following:
- i. Deciding the quantum of Shares per Eligible Employee and in aggregate under the ESPS 2016 and quantum of Shares to be issued pursuant to performance evaluation of the Eligible Employee at the end of the relevant financial year;
  - ii. The kind of benefits to be granted under the Scheme as per the SEBI Regulations;
  - iii. The conditions under which Shares may Vest in Eligible Employees and may lapse in case of termination of employment for misconduct;
  - iv. In case of Corporate Action(s), any adjustment(s) to the number and price of Shares in a manner such that total value to the Eligible Employee of the Shares remains the same after the Corporate Action; and
  - v. The grant, Vesting and exercise of Shares in case of Eligible Employees who are on long leave.
  - vi. Deciding the name(s) of employees eligible for participation in the Scheme;
  - vii. Determining the grant price, lock-in, performance evaluation criteria's and performance conditions and period, including in particular the Compensation Committee in its discretion may grant the Shares free of cost to the Eligible Employees or at such price as the Committee may determine from time to time.
  - viii. Prescribing procedural compliances for effective administering of the Scheme including power to prescribe, approve and implement relevant procedures, documents and policies for the Scheme.
  - ix. Sub-delegating any of the foregoing to the Trust or any other committee or any other individual, as may be permitted under the Applicable Law, and as the Compensation Committee may deem fit from time to time.
- 6.2 The Board and/or Compensation Committee shall have full power and authority to extend the time in respect of any Share Grants under this Scheme, as they may deem appropriate.
- 6.3 The Compensation Committee is authorized to interpret this Scheme and the grants under the Scheme, to establish, amend and rescind any further rules and regulations relating to implementation not inconsistent with this Scheme, and to make any other determinations which it deems necessary or desirable for the administration of the Scheme. The Compensation Committee may correct any defect or supply any omission or reconcile any inconsistency in this Scheme or in any grant in the manner and to the extent the Compensation Committee deems necessary or desirable to carry it into effect. Any decision of the Compensation Committee in the interpretation and administration of the Scheme, as described herein, shall lie within their sole and absolute discretion and shall be final, conclusive and binding on all parties concerned including the Trust, and the decision of the Compensation Committee shall prevail in case of any ambiguity or conflict. No member of the Compensation Committee and no

officer of the Company and no trustee of the Trust shall be liable for anything done or omitted to be done by him, by any other member of the Compensation Committee or by any officer of the Company or by any other trustee in connection with the performance of duties under this Scheme, except as expressly provided under Applicable Laws.

- 6.4 As all eventualities cannot be envisaged and some interpretational issues may arise which may need clarification/modification, the Compensation Committee shall generally attempt to resolve the same keeping in view the overall directional intent of this Scheme to reward the Eligible Employees fairly and yet align this Scheme to the enhancement in value of the Company.

## **7. EMPLOYEES/ELIGIBLE EMPLOYEES**

- 7.1 “Employees” shall mean:
- (a) the full time permanent employees of the Company, directors of the company whether a whole time director or not, but do not include:-
    - (i) Directors of the Company, who either by himself/herself or through any relative or body corporate, hold more than 10% of the Equity Share Capital of the Company;
    - (ii) employees who are Promoters of the Company or belong to the Promoter Group; and
  - (b) the permanent employees of the present and future Indian/ Foreign subsidiary companies or of a holding company of the Company, Directors of the present and future Indian/ Foreign subsidiary companies or of a holding company of the Company, whether a Whole-time Director or not, but do not include:-
    - (i) Directors of the subsidiary companies who either by himself/herself or through any relative or body corporate, hold more than 10% of the outstanding Equity Share Capital of the company; and
    - (ii) employees of the Subsidiary Companies or of a holding company of the Company who are Promoters of the company or belong to the Promoter Group of the company.
- 7.2 “Eligible Employees” shall means the select personnel shortlisted by the Compensation from amongst (i) the Employees and/or (ii) if and to the extent, permitted by Applicable Laws any other categories of personnel identified by the Committee, from time to time.

## **8. QUANTUM OF SHARES**

- 8.1 Shares of the Company, if already available with the Trust, which are unappropriated, can be used for Share Grants under this Scheme. Additionally, new Shares of the Company shall be available for issuance under this Scheme, as and when the Shares are to be issued to Eligible Employees upon Vesting and shall be drawn from Company's authorized equity capital. Subject to any Corporate Actions, the maximum number of Shares that may be issued under this ESPS 2016 shall not exceed [1]% (One per cent) of the current total paid up capital of the Company (i.e. not more than

62,45,877 equity shares). The Compensation Committee reserves the right to increase or reduce such number of Shares as it deems fit.

- 8.2 The Compensation Committee shall normally determine the number of Share Grant for an Eligible Employee, within the maximum limits applicable. However, the number of Share Grant for an individual Eligible Employee, during any year, shall be less than 1% of the paid up equity share capital of the Company at the time of issue of shares, unless approved by way of a separate resolution in the general meeting of the Company.
- 8.3 The shares offered and the grant price may be different for different Eligible Employees and from time to time, and shall be as determined at the time of every grant of shares.
- 8.4 Subject to the terms of the Scheme, the maximum number of Shares which can be allotted to an Eligible Employee in a financial year, will be determined based on the following:

**Maximum Share Grant for a FY:** [REDACTED]

**OR**

Such maximum number of shares as decided by the Compensation Committee within the applicable limits.

\*Note: In case the closing price of Shares on a day immediately preceding the date of the Meeting of the Compensation Committee held for grant of Shares is lesser than the average monthly closing price, then, the closing price of such immediately preceding day shall be taken as the denominator in the above formula.

- 8.5 Based on the number of Shares required to be allotted to the Eligible Employee, the Trust shall request the Company and the Company shall issue the required number of Shares in a single tranche or in multiple tranches, as it may deem fit. Such Shares shall rank pari passu in all respects with the issued Shares of the Company.
- 8.6 In case, any Share Grant expires, or is not accepted in full, or applicable conditions of any Grant are not fulfilled, the corresponding shares which revert to the Trust shall subject to Applicable Laws, become available for future grant(s) under the ESPS 2016.

## **9. COMMUNICATION OF SHARE GRANT**

- 9.1 The Shares to be granted under ESPS 2016 to any Eligible Employee shall be determined by the Committee basis his performance evaluation as per Human Resource (HR) prescribed policies and procedures, and communicated by the Chairman/representative of the Committee to the Trust. The Trust may, on such dates as communicated to it by the Chairman/representative, make Share Grant to the Eligible Employees in accordance with terms and conditions of the ESPS 2016 for the time being in force. Such Share Grant shall be communicated by way of a grant letter

as prescribed. For the time being the grant letter shall substantially be in form and manner provided in Annexure A ("**Share Grant Letter**").

- 9.2 Share Grant under this ESPS 2016 does not automatically entitle an Eligible Employee for Shares or benefits or options under any other plan/scheme of the Company. Grants under any other plan/scheme must be made in terms thereof.
- 9.3 The Scheme would be a rolling scheme and Share Grants under the said Scheme would be made every year to the Eligible Employees basis their performance.
- 9.4 In case an Eligible Employee joins the Company during the financial year in which he is being evaluated, then for the purpose of ascertaining the number of Share Grants for that financial year, the following shall apply:
- a) Employment between April 01 to September 30 of the financial year: the Eligible Employee shall be evaluated for the entire year. However, for the 1<sup>st</sup> year of joining, the Share Grant shall be on proportionate basis i.e., on the basis of time spent by the Eligible Employee in the Company in the said year.

For Eg.; On April 2017, the Company is evaluating performance for FY 2016-17 of Mr. A, an employee, who joined the Company on July 01, 2016. In such case, basis his performance, Mr. A shall get shares as per the following formula:

[REDACTED]

- b) Employment after September 30 of the financial year: the Eligible Employee shall not be evaluated for that year and he would be entitled to 50% the maximum Share Grants (calculated as per Clause 8.4) to which he is eligible, prorated for the time spent by him in the Company.

For Eg.; On April 2017, the Company is evaluating performance for FY 2016-17 of Mr. B, an employee, who joined the Company on January 01, 2017. In such case, basis his performance, Mr. B shall get shares as per the following formula:

[REDACTED]

For removal of doubts, it is clarified that if the employee joins on or before 15<sup>th</sup> day of the month, in such case, full month shall be considered for the purposes of ascertaining number of shares to be granted basis above formula. In case, employee joins after 15<sup>th</sup> day of the month, then the month in which he joined shall be excluded for the ascertaining the number of shares.

## **10. MANNER OF SHARE ACCEPTANCE**

- 10.1 An Eligible Employee who has been granted Shares under this ESPS 2016 and who wishes to accept the Share Grant, must deliver an acceptance form, in form and manner as may be prescribed. For the time being, the acceptance shall be substantially provided in form as per Annexure B (“**Share Acceptance Letter**”), to the Trust on or before the Purchase Closing Dates stated in the Share Grant Letter.
- 10.2 Any Eligible Employee who has been granted Shares under this ESPS 2016 and who fails to return the Shares Acceptance Form on or before the Purchase Closing Date shall unless the Trust determines otherwise, be deemed to have rejected the Share Grant. Any Shares Acceptance Form received after the Purchase Closing Date shall not be valid except otherwise decided by the trust.
- 10.3 The Eligible Employees to whom Shares are granted under the Scheme shall along with the Share Acceptance Letter also make payment, if applicable, of the total amount of the Purchase Price, if any, for the shares granted to him. The payment, if any, shall be made by way of cash/demand draft / wire transfer /local cheques drawn in favour of the Trust or such other entity as the Committee may specify while making the Share Grant.

## **11. ESPS AGREEMENT**

- 11.1 Subject to the terms contained herein, the acceptance of a Share Grant by an Eligible Employee, shall be followed by an agreement in relation to such Shares under this ESPS 2016, to be concluded between the Eligible Employee and the Company, which shall be in a manner as may be prescribed. For the time being the said agreement shall substantially be in form and manner provided in Annexure C (“**ESPS Agreement**”).
- 11.2 On receipt of the Signed ESPS Agreement from the Eligible Employee and on realization of the application money, if any, and subject to compliance with conditions stated in ESPS Agreement and Applicable Laws, the Board shall make an allotment or the Trust shall make a transfer of Shares, either directly from the Company or through the Trust or any other mechanism as permissible under Applicable Law in accordance with the ESPS Agreement. The Company shall have the right to allot or transfer the Shares in tranches, as determined by the Compensation Committee, by way of credit to the demat account of the Eligible Employee i.e. in electronic form with any of the depositories registered with the SEBI. Only upon the valid execution of the ESPS Agreement by the Eligible Employee followed by the allotment or transfer of the Shares, the purchase or acquisition (“**Purchase/acquisition**”) shall be deemed completed.
- 11.3 The Share Grant must be exercised at such time or times and during such period as is determined by the Compensation Committee/ Board and set forth in the Share Grant Letter. The Share Grant shall be exercised only by the Eligible Employee during his lifetime and shall not be assigned or transferred by the Eligible Employee otherwise

than by Will or by the laws of descent and distribution following the Eligible Employee's death. The right to exercise the Shares is available to the Eligible Employee subject to the terms and conditions of this Scheme and Share Grant Letter and executing such documents as required by the Board.

- 11.4 The Vesting conditions in respect of the Shares shall be as determined by the Compensation Committee from time to time, and unless so otherwise determined by the Compensation Committee, the Vesting for the Share Grant for a relevant financial year (i.e., say 2016-17), as determined by the Compensation Committee based on the performance evaluation of the Eligible Employees for the relevant financial year as per HR polices, shall be made in the month of April of the subsequent financial year (i.e., say 2017-18) or on such other date [REDACTED] and on such additional alternative criteria, as may be decided by the Compensation Committee from time to time.

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

It is clarified that for the purpose of this ESPS 2016, the Share Grants shall be made after receipt of shareholder approval to this ESPS 2016. The Compensation Committee, at its discretion, may dispense off with any of the above requirements.

- 11.5 Subject to the Vesting conditions herein, any Shares allotted by the Company to the Trust under the ESPS 2016 shall be used for purposes of Grants made under ESPS 2016 or any other scheme, and consequently shall remain under lock in for a minimum period of 13 months from date of allotment to Trust, with the Trust ensuring that the Shares are transferred to the Eligible Employee within one month from date of allotment of such Shares by the Company.

Accordingly, the Shares received by an Eligible Employee under the ESPS 2016 shall remain under lock-in for a minimum period of 1 year from the date of transfer to the Eligible Employees or such other longer period as may be prescribed under the Applicable Laws or otherwise decided by the Compensation Committee (**"Share Lock-in Period"**).

- 11.6 In case any Shares do not Vest and/or revert to the Trust/the Company under this Scheme, the Eligible Employee shall be eligible for and shall receive by way of refund only such price, if any, that such Eligible Employee had paid at the time of acquisition of the said Shares and no other payment or compensation or interest or any other sum or cost. The said price, if any, shall be refunded by way of an account payee cheque sent to the last known address of the Eligible Employee.

## **12. RIGHTS OF SHAREHOLDERS**

- 12.1 Upon allotment/ transfer of Shares to the Eligible Employee, the Eligible Employees shall become members of the Company and shall be entitled to all the rights of a member including with respect to voting rights, receipt of dividend, etc. The Shares to be allotted shall rank pari-passu in all respects with the outstanding Shares of the Company.
- 12.2 No Employee shall have any rights as a shareholder with respect to any Shares prior to the date of issuance of a certificate for such Shares or credit of Shares into his demat account.

## **13. RESTRICTIONS ON TRANSFERABILITY**

Until the release of Shares from the Share Lock-in Period, Shares shall NOT be sold, given, transferred, assigned, pledged or otherwise hypothecated in any manner, and any attempted sale, gift, transfer, assignment, pledge or other alienation shall be void ab initio and not enforceable against the Company.

Provided however that, subject to Applicable Laws, the Trust may, within the guidelines prescribed by the Compensation Committee, permit any of the above, on a general or specific basis, and/or may impose additional conditions and limitations from time to time and the same shall be binding on the Employee during the Share Lock-in Period .

## **14. TERMINATION OF EMPLOYMENT**

### **14.1 On death of Eligible Employee**

In the event of death of Eligible Employee while in employment, all the Share Grants under the ESPS 2016 for which an ESPS Agreement has been duly executed by him, shall Vest with the Beneficiaries of the Eligible Employee. However, Share-Lock in Period will continue to apply with respect to such Shares, as applicable, even after transmission.

### **14.2 On disability of Eligible Employee**

In the event of disability i.e. permanent incapacity leading to termination of employment, of Eligible Employee while in employment, all the Shares for which an ESPS Agreement has been duly executed by him, shall Vest on such termination. However, Share-Lock in Period will continue to apply with respect to such Shares as applicable, even after termination of employment for reasons of such disability.



#### 14.3 On attainment of superannuation age

In case the service of the Eligible Employee with the Company is terminated due to retirement on superannuation, the shares already acquired by the Eligible Employee may, subject to lock-in conditions and other conditions on transferability, be allowed to be retained by the employee. For the Shares for which an ESPS Agreement has been duly executed by him, shall Vest on attainment of superannuation age. However, Share-Lock in Period will continue to apply with respect to such Shares as applicable, even after termination of employment for reasons of superannuation.

#### 14.4 Termination with Cause

In case termination of employment of Eligible Employee with the Company is for Cause (i.e. negligence, fraud, professional misconduct, moral turpitude etc), the Shares granted to him shall revert to the Trust/ the Company on the Termination Date and all rights and entitlements of the Eligible Employee under this ESPS 2016 and / or the ESPS Agreement shall cease automatically on the date of termination.

If an Eligible Employee is suspended or a show cause notice has been issued to an employee or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to any Cause, all Shares grant to such Eligible Employee, may be suspended or kept in abeyance or cancelled at the sole discretion of the Committee. In case of Share Grants that have been suspended or kept in abeyance, the same may be acquired by the concerned Employee only after the Committee specifically permits the acquisition and on such additional terms and conditions, as may be imposed by the Committee in its absolute discretion. It is further provided that in case of such a situation, the Committee may direct that the Share Lock-in Period on the said Shares be extended till the conclusion of the said enquiry / proceedings and consequentially the Vesting period will also get extended by similar time period.

#### 14.5 Other terminations

In case of cessation of employment of the Eligible Employee for reasons other than those specified in Clauses 14.1 to 14.4 above, all the Shares Granted as on the Termination Date but not allotted/ transferred to the Employee shall lapse.

#### 14.6 Long Leave

Long leave of the Eligible Employee, taken with approval of the human resources department of the Company, shall not have any adverse effect on the entitlements of the Eligible Employees under ESPS 2016, unless otherwise decided by the Compensation Committee.

#### 14.7 Removal of Director

In case the Eligible Employee is a director of the Company, then, in the event of his removal as a director with the Company for any reason, including vacation of office,

disqualification or his not being re-appointed as a director, but for reasons other than death, Permanent Incapacity, resignation or superannuation, the Shares granted to him as on the Termination Date shall lapse to the extent not allotted or transferred to him. Provisions of Clause 14.1 to 14.5 shall apply in the same manner to the termination of directorship on account of death, disability, superannuation, cause and other terminations, as the case may be.

## **15. NOTICES AND CORRESPONDENCE**

- 15.1 Any notice required to be given by Eligible Employee to the Company or the Trust or any correspondence to be made between Eligible Employee and the Company or the Trust may be given or made to the Company at the registered office of the Company or to the Trust, at the registered office of the Trust.
- 15.2 Any notice, required to be given by the Company or the Trust to Eligible Employee or any correspondence to be made between the Company or the Trust and Eligible Employee shall be given or made by the Company or the Trust at the address last provided by the Eligible Employee in records maintained by the human resources department of the Company.

## **16. NOMINATION**

Each Eligible Employee under the ESPS 2016 may nominate, from time to time, any Beneficiary (ies) to whom any benefit under the ESPS 2016 is to be delivered in case of his death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Eligible Employee, and shall be in a form prescribed by the Company and will be effective only when filed by the Eligible Employee in writing with the Company during the Eligible Employee's lifetime. In the event of any dispute with regard to nominations, the last nomination provided by the Eligible Employee and available with the Company shall be regarded as final nomination and shall be binding. Upon delivery of the benefits, if any, to such Beneficiary, the liability for delivery of such benefits shall stand fully and finally discharged.

## **17. CORPORATE ACTION**

In the event of corporate action such as bonus issue, rights issue, stock split, merger, de-merger, transfer of undertaking, sale of a division or any such capital or corporate restructuring, the Committee, in consultation with the Trust, subject to the provisions of the ESPS 2016, make an adjustment to the number of Shares Granted or the Purchase Price in respect of the Shares or both the number and the Purchase Price, may, but subject to the applicable rules and regulations, be determined to be such number and/or Purchase Price as is appropriate subject to the same being in accordance with the SEBI Regulations.

## **18. METHOD OF VALUATION AND WITHHOLDING TAX**

- 18.1 The Company shall comply with the disclosure requirements in relation to the ESPS 2016 as prescribed under the Companies Act, 2013, SEBI Regulations and such other guidelines, circulars, clarifications, notifications etc., as may be issued by SEBI and any other appropriate authority from time to time.
- 18.2 The Company will comply with the requirements of the 'Guidance Note on Accounting for employee share-based payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein.
- 18.3 All applicable personnel tax resulting from or in relation to any grants, exercise, vesting, purchase or otherwise under the Scheme shall be on the full market value of the shares as on the date of allotment to the employee, which shall be solely borne by the said Eligible Employee (or his beneficiary or person entitled to act). The Company/ and or the Trust is entitled to deduct/ withhold applicable tax from the salary payable to the Eligible Employees as the case may be or recover the same from the employee (or his beneficiary or person entitled to act) in case of shortfall.
- 18.4 The Eligible Employee shall indemnify the Company, and/ or Trust, as the case may be, against any payments made by the Company and/ or Trust towards such liabilities. This indemnification obligation shall be personal to the individual Eligible Employee and shall continue unabated even after the Eligible Employee (i) ceases to be in employment of the Company; or (iii) ceases to be a Director of the Company.
- 18.5 Notwithstanding anything elsewhere contained in this ESPS 2016, no Shares/ sale proceeds therefrom, as the case may be, will be released/disbursed to the Eligible Employee or his Beneficiary, on purchase/acquisition of the Shares/grant of benefits herein unless appropriate taxes as required under the applicable tax laws, are discharged.

## **19. LOAN/ FINANCIAL ASSISTANCE FROM THE COMPANY**

Subject to the applicable provisions of the Companies Act, or any other law for the time being in force, the Company may provide such money either as loan or financial assistance or otherwise, to the Trust for purchase/acquisition of the Shares and/ or for any other permitted purposes, as the Company may consider appropriate from time to time.

## **20. DISPUTE RESOLUTION**

- 20.1 In the event of a dispute arising out of or in relation to the provisions of this ESPS 2016 (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement.

- 20.2 In case of failure in reaching an amicable settlement, either party may refer the dispute to the sole arbitrator appointed by the Company for arbitration. The arbitration proceeding shall be held in New Delhi and in English language under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The award of the sole arbitrator shall be a reasoned award in writing and shall be final and binding. The sole arbitrator shall also decide on the costs of the arbitration proceedings.

## **21. GOVERNING LAW & JURISDICTION**

Subject to the foregoing, this ESPS 2016 and any disputes arising out of, in connection with or relating to this ESPS 2016 shall be subject to Laws of India and to the exclusive jurisdiction of courts at Delhi.

## **22. SEVERABILITY**

Any term of this Scheme that is contrary to the requirement of the SEBI Regulations or any other Applicable Laws shall not apply to the extent it is contrary, but the rest of the scheme and terms shall continue to be applicable.

## **23. REGULATORY APPROVALS & COMPLIANCES (DISCLOSURES)**

- 23.1 The implementation of the ESPS 2016, the granting of any Share under the ESPS 2016 and the issue/purchase of any Shares under this ESPS 2016 shall be subject to the procurement by the Company and the Employees of all approvals and permits required by any Governmental Authorities having jurisdiction over the ESPS 2016 and the Shares issued pursuant thereto.
- 23.2 If the Shares allotted under this Scheme are not listed, then the same shall be listed on the stock exchanges, where the shares of the Company are listed, immediately upon allotment. As and when applicable, the Company shall make an application to the appropriate authorities and obtain the approval in-principle and final approval from the stock exchanges where it proposes to list the Shares allotted under this Scheme. The time taken in listing of securities from the date of allotment made to Trust, shall be excluded from the purposes of calculation of Share Lock-in Period.
- 23.3 The Employees under this ESPS 2016 will, if requested by the Trust, provide such assurances and representations to the Company or the Trust, as the Trust may deem necessary or desirable to ensure compliance with all Applicable Laws and accounting requirements.
- 23.4 The inability of the Company to obtain authority from any Governmental Authority having jurisdiction, or under any Applicable Laws for the lawful issuance and allotment of any Shares hereunder shall relieve and wholly discharge the Company and the Trust of any and all liability in respect of the failure to issue or sell such Shares.

- 23.5 The Company, Trust and the Eligible Employees shall make all requisite disclosures regarding this ESPS 2016 and the acquisition of shares pursuant thereto to the Governmental Authorities as may be mandated under Applicable Laws.

## **24. RISK FACTORS**

- 24.1 Participation in the Scheme shall not be construed as any guarantee of return on the equity investment.
- 24.2 Investment in equity and related securities involve a degree of risk and Eligible Employee should not invest any funds in securities unless they can afford to take the risk of losing their investment. For taking a decision to purchase/acquire the Shares, the Eligible Employee must rely on their own evaluation of the Company including the risks involved.
- 24.3 In addition, the grants pursuant to the Scheme and this Scheme are subject to the following additional risks:
- a) The risk arising out of any fall in value of shares is aggravated if the Eligible Employee's holding is concentrated in the shares of a single company.
  - b) The Shares allotted/ transferred to the Eligible Employee cannot be transferred to anybody before completion of Lock-in Period, and therefore the Eligible Employee cannot mitigate their risks by selling the whole or part of their Shares before the expiry of the Share Lock-in Period.

## **25. MISCELLANEOUS PROVISIONS**

- 25.1 Unless the Shares are granted to the Eligible Employee, neither the adoption of the ESPS 2016 nor any action of the Board or the Committee or the Trust or the shareholders of the Company shall be deemed to give an Eligible Employee, any right to claim or be granted any Share or a right to acquire Shares under the ESPS 2016.
- 25.2 This ESPS 2016 shall not form part of any contract of employment between the Company and an Eligible Employee and the rights and obligations of any Eligible Employee under the terms of his office or employment shall not be affected by his participation in this ESPS 2016 or any right which he may have to participate in it and this ESPS 2016 shall afford such an Eligible Employee no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason. It is clarified that nothing contained herein or in the Share Grant Letter shall give or confer upon the Eligible Employee, any right for continuation of any employment with the Company or interfere in any way with the right of the Company to terminate the employment of such Eligible Employee.
- 25.3 This ESPS 2016 shall not confer on any person any legal or equitable rights against the Company, the Committee, Trust or its trustee(s) directly or indirectly or give rise to any cause of action at law or in equity against the Company / Committee / Trust / its trustee(s).

- 25.4 The Employee shall comply with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 2003 as well as any Code of Conduct or such similar policies, procedures or systems formulated or adopted by the Company, the Committee, the Trust or the Trustee(s). Any violation of the Applicable Laws or Code of Conduct may result in cancellation of all Shares Granted as well as subject the Employee to disciplinary action at the discretion of the Company.
- 25.5 The Company shall bear the costs of establishing and administering this ESPS 2016, including any costs of the Company's auditors or any independent financial advisor in relation to the preparation of any confirmation by them or provision of any other service in relation to this ESPS 2016.
- 25.6 The Eligible Employee shall obtain all necessary consents that may be required to enable him to accept the Share Grant and the Trust to issue to him in accordance with the provisions of this ESPS 2016, the Shares due to be transferred upon the Purchase of his Shares Granted. The Eligible Employee is deemed to have represented to the Company or the Trust that he has obtained all such consents.
- 25.7 The existence of this ESPS 2016 and the Share Grants made hereunder shall not in any way affect the right or the power of the Company to make or authorize any change in capital structure (including any issue of shares, debt or other securities having any priority or preference with respect to the then existing Shares (including Shares underlying the options) or the rights thereof) or to prevent the Company from taking any corporate action or change its capital structure which is deemed by the Company to be appropriate or in its best interest.
- 25.8 The acceptance of the Share Grant is entirely voluntary and the Company or the Trust does not guarantee any return on Shares.
- 25.9 If the Company issues bonus shares or rights shares, the Eligible Employee shall not be eligible for the bonus or rights shares in the capacity of a holder of Share Grant, except that the entitlement to the number of Shares may be adjusted in terms hereof. Only if the Shares are purchased/ acquired and the Eligible Employee is a valid holder of the Shares, the Eligible Employee would be entitled for bonus or rights shares of the Company.

## **26. AMENDMENT OR TERMINATION OF THE ESPS 2016**

- 26.1 Subject to the SEBI Regulations, the Board / Committee in its absolute discretion may from time to time amend, alter or terminate the ESPS 2016 or any grant prior to the purchase/acquisition or the terms and conditions thereof, provided that no amendment, alteration or termination in any Share Grant be made, which would impair or prejudice the Vested rights of the Eligible Employees under the ESPS Agreement.

- 26.2 The Board / Committee will not, without the approval of the shareholders, amend the ESPS 2016 to increase the aggregate number of Shares which may be issued pursuant to the provisions of the ESPS 2016.
- 26.3 Without prejudice to the above, the Board/ Committee may, without any reference to or consent of the Eligible Employee, amend the ESPS 2016 or award or any agreement to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this ESPS 2016.

## **27. CONFIDENTIALITY**

The Eligible Employee shall not divulge the details of the ESPS 2016 and/ or his holdings to any person except with the prior written permission of the Committee unless so required to do under any statutes or regulations applicable to such Employee.

## SCHEDULE A

### DEFINITIONS AND CONSTRUCTION

#### 1. Definitions

In the ESPS 2016, except where the context otherwise requires, the following expressions or terms shall have the meanings set out below:

- 1.1. “**Applicable Laws**” shall mean all applicable laws, bye-laws, statutes, rules, regulations, orders, ordinances, notifications, protocols, treaties, codes, guidelines, policies, notices, directions, writs, injunctions, judgments, awards, decrees or official directive of any court of competent authority or of any competent Governmental Authority or person acting under the authority of any court of competent authority or of any competent Governmental Authority of the Republic of India, as amended and modified from time to time, and includes regulations, rules, guidelines issued by the Securities and Exchange Board of India.
- 1.2. “**Beneficiary(ies)**” shall mean the legal heirs of the Eligible Employee, or nominees of the deceased Employee as per the nomination form submitted under the ESPS 2016.
- 1.3. “**Board**” means the board of directors of the Company or any committee thereof, including the Committee.
- 1.4. “**Cause**” shall mean negligence, fraud, professional misconduct, breach of trust, moral turpitude, committing or abetting any illegal activity, violating any Company policy or terms of employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.
- 1.5. “**Committee**” or “**Compensation Committee**” shall mean the Nomination & Remuneration Committee of such members of the Board as provided under Section 178 of the Companies Act, 2013, as amended or modified from time to time for the purpose of regulating and implementing this Scheme.
- 1.6. “**Company**” shall mean Havells India Limited, a company limited by shares, incorporated under the Companies Act, 1956 having its registered office at 1, Raj Narain Marg, Civil Lines, Delhi – 110 054.
- 1.7. “**Companies Act**” means The Companies Act, 2013 and includes any statutory modifications or re-enactments thereof or any other statutes that substitutes/ replaces the Companies Act, 2013.
- 1.8. “**Effective Date**” shall have the meaning ascribed to it in Clause 2.
- 1.9. “**Employee(s)**” and “**Eligible Employee(s)**” shall have the meaning ascribed to it in Clause 7.
- 1.10. “**ESPS 2016**” shall have the meaning ascribed to it in Clause 1.
- 1.11. “**ESPS Agreement**” shall have the meaning ascribed to it in Clause 11.



- 1.12. **“Financial Year”** shall mean the financial year of the Company;
- 1.13. **“Governmental Authority (ies)”** shall mean any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof.
- 1.14. **“Permanent Incapacity”** shall mean any disability of whatsoever nature be it physical, mental or otherwise, which permanently incapacitates or prevents or handicaps an Eligible Employee from performing any specific job, work or task which the said Eligible 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 Committee.
- 1.15. **“Promoter(s)”** shall have the meaning ascribed to it under the SEBI Regulations.
- 1.16. **“Promoter Group”** shall have the meaning ascribed to it under the SEBI Regulations.
- 1.17. **“Purchase”/ “acquisition”** shall have the meaning ascribed to it in Clause 11.2.
- 1.18. **“Purchase Date”** shall mean the date on which the Eligible Employee will Purchase/Acquire his Shares and in case of Purchase in tranches , means each date on which the Eligible Employee Purchases/acquires a tranche of his Share Grants.
- 1.19. **“Purchase Closing Date”** shall mean the last date on which the Eligible Employee is required to convey his acceptance of the Share Grant.
- 1.20. **“Relative(s)”** shall mean the same ascribed to it under the Companies Act, 2013.
- 1.21. **“SEBI”** shall mean Securities Exchange Board of India.
- 1.22. **“SEBI Regulations”** shall mean SEBI (Share Based Employee Benefits) Regulations, 2014 as amended or re-enacted from time to time.
- 1.23. **“Share”** shall mean one equity share of the Company, currently having a face value of Re. 1 (Rupee One).
- 1.24. **“Share(s) Acceptance Form”** shall have the meaning ascribed to it in Clause 10.
- 1.25. **“Share(s) Grant”** shall mean the grant of Shares to an Eligible Employee pursuant to the ESPS 2016 during the subsistence of the said scheme, which such Eligible Employee is entitled to seek allotment or transfer thereof, upon payment of the Exercise Price, if any, and other terms and conditions herein.
- 1.26. **“Share(s) Grant Date”** shall mean the date of grant of Shares for an Eligible Employee, as decided at the meeting of the Committee and/or as communicated by the Chairman/representative of the Committee to the Trust, being the grant date (usually held in April every year, or such other date as may be decided by the Committee).

- 1.27. **“Share(s) Grant Letter”** shall mean the letter by which Share Grant is communicated to the Eligible Employee.
- 1.28. **“Share(s) Lock-in Period”** shall have the meaning ascribed to it in Clause 11.5.
- 1.29. **“Termination Date”** shall mean the date of cessation of employment of the Eligible Employee with the Company for any reason whatsoever, including death, superannuation, Permanent Incapacity, etc.
- 1.30. **“Trust”** shall have the meaning ascribed to it in Clause 5.1.
- 1.31. **“Vest”/ Vesting”** shall mean the process by which the eligible employee becomes entitled to receive the benefit of a grant made to him under ESPS 2016 i.e., where the right to the Shares acquired under ESPS 2016 becomes absolute after fulfilment of the applicable conditions including completion of period mentioned in the scheme, where applicable, by the Eligible Employee and Eligible Employee is fully and finally entitled to retain the Shares and the shares will not revert to the Company.

## 2. **Construction**

Unless the context otherwise requires:

- 2.1. The headings/ sub-headings/ titles/ sub-titles are only for the sake of convenience and shall not be interpreted to restrict or otherwise affect the meaning or import of the Clauses, which shall be interpreted solely in light of the contents thereof.
- 2.2. Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- 2.3. Any reference to ‘writing’ includes printing, typing, lithography and other means of reproducing words in visible form.
- 2.4. The term ‘including’ shall mean ‘including without limitation’, unless otherwise specified.
- 2.5. Words denoting the masculine gender shall include the feminine gender and words denoting the singular shall include the plural and vice versa.
- 2.6. All references in this ESPS 2016 to statutory provisions shall be construed as meaning and including references to:
- (a) any statutory modification, consolidation or re-enactment made after the date of this ESPS 2016 and for the time being in force;
  - (b) all statutory instruments or orders made pursuant to a statutory provision; and
  - (c) any statutory provisions of which these statutory provisions are a consolidation, re-enactment or modification.
3. The terms not defined in this ESPS 2016 shall have the meanings as defined in the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 or the SEBI Regulations, or in any statutory modifications or re-enactments thereof, as the case may be.

## **Schedule B**

**Trust shall at times comply with the provisions of SEBI Regulations, as amended from time to time and in particular including following:**

- (i) A person shall not be appointed as a trustee, if he is : (i) a director, key managerial personnel or promoter of the company or its holding, subsidiary or associate company or any relative of such director, key managerial personnel or promoter; or (ii) beneficially holds 10 (ten) percent or more of the paid-up share capital of the Company.
- (ii) The trustees of the Trust, which is governed under the SEBI Regulations, shall not vote in respect of the equity Shares held by such Trust, so as to avoid any misuse arising out of exercising such voting rights.
- (iii) The Trust shall not deal in derivatives.
- (iv) For the purposes of disclosures to the stock exchange, the shareholding of the Trust shall be shown as 'non-promoter and non-public shareholding'.
- (v) The Trust shall allocate the Shares to Eligible Employees in the manner specified in the trust deed of Trust (Trust Deed). The trustee(s) of the Trust shall administer the issue of Equity Shares Vested in Eligible Employees as per the conditions stipulated in the Trust Deed and the Scheme herein.
- (vi) The Trust shall keep and maintain proper books of account, records and documents, for each such scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of each scheme.
- (vii) The Trust may undertake off-market transfer of shares of the Company only under the following circumstances:
  - a) transfer to the Eligible Employee/ Beneficiaries pursuant to Scheme;
  - b) when participating in open offer under the Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2011, or when participating in buy-back, delisting or any other exit offered by the Settlor Company generally to its shareholders.
- (viii) The Trust shall not become a mechanism for trading in shares and hence shall not sell the shares in secondary market except under the following circumstances:
  - a) participation in buy-back or open offers or delisting offers or any other exit offered by the Company generally to its shareholders, if required;
  - b) for repaying the loan, if the un-appropriated inventory of shares held by the Trust is not appropriated within the prescribed timelines;
  - c) Winding up of any of the Scheme of the Company; and
  - d) based on approval granted by SEBI, for the reasons recorded in writing in respect of Scheme, upon payment of prescribed fees.
- (ix) The Trustees shall always act in the interest of employees who are Eligible Employee/Beneficiaries of the Trust and subject to provisions of the SEBI Regulations and the Scheme, and shall not act in any manner that would be detrimental to the interests of the Eligible Employee/ Beneficiaries.
- (x) Obligation of Eligible Employee/ Beneficiaries: The obligation of the Beneficiaries/ Eligible Employee shall be in accordance with the terms & conditions of the applicable

Scheme and any letter of grants/guidelines etc., issued by the Settlor Company and/or Compensation Committee thereunder. These will *inter-alia* include following:

- a) The Eligible Employee /Beneficiaries shall be entitled to the rights under the Scheme implemented by the Trust subject to the fulfillment of various terms and conditions and compliance of respective obligations as envisaged by the Scheme and applicable laws.
  - b) An Eligible Employee or his/her legally constituted nominee, as the case may be shall not be entitled to pledge, hypothecate, mortgage, or otherwise alienate in any other manner, his beneficial interest in the shares granted/ Vested to him till the performance conditions as per the Scheme are not complied with.
  - c) The Eligible Employee or his/her legally constituted nominee as the case may be shall be liable to discharge the taxes and levies, if any, in respect of the Scheme and it shall not be the responsibility of the Company and/or Trust to determine or advise the Eligible Employee or the aforesaid nominee on their personal/ individual taxation issues for issue of shares.
  - d) The Eligible Employee/ Beneficiaries shall be required to make disclosures and comply with the such requirements as applicable to them as insiders or promoters under the SEBI (Prohibition of Insider Trading) Regulations, 2015 or any modification or re-enactment thereto and such other Laws as may be applicable.
- (xi) The Trustees shall at all times ensure that the provisions of SEBI Regulations (as amended from time to time) shall prevail over the provisions contained herein in case of conflict between the provisions of the Trust Deed and the SEBI Regulations.
- (xii) In case of winding up of any Scheme, the excess monies or shares remaining with the Trust after meeting all the obligations, if any, shall be utilised for repayment of loan or by way of distribution to the Eligible Employee/ Beneficiaries or in any other manner as recommended by the Compensation Committee and permitted under SEBI Regulations.”

# SHARE GRANT LETTER

114

██████████

\_\_\_\_\_

██████████

5

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

--	--	--	--

## SHARE ACCEPTANCE LETTER

110

██████████

\_\_\_\_\_

██████████

\_\_\_\_\_

████████████████████

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- [REDACTED] [REDACTED]
- [REDACTED]
- [REDACTED]

\_\_\_\_\_

\_\_\_\_\_

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]



**ANNEXURE TO SHARE ACCEPTANCE LETTER  
(ESPS 2016)**

[REDACTED]			
[REDACTED]		[REDACTED]	
[REDACTED] [REDACTED]			
[REDACTED]			
[REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]			

[REDACTED]  
[REDACTED]

SHARE EXERCISE LETTER

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



