

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

## Welspun Employee Stock Option Plan

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

## Table of Contents

1.	NAME, OBJECTIVE AND TERM OF THE PLAN.....	3
2.	DEFINITIONS AND INTERPRETATION .....	3
3.	AUTHORITY AND CEILING.....	7
4.	ADMINISTRATION .....	8
5.	ELIGIBILITY AND APPLICABILITY .....	9
6.	VESTING.....	9
7.	EXERCISE .....	10
8.	OTHER TERMS AND CONDITIONS.....	11
9.	DEDUCTION OF TAX .....	12
10.	AUTHORITY TO VARY TERMS .....	12
11.	MISCELLANEOUS .....	12
12.	NOTICES .....	14
13.	GOVERNING LAW AND JURISDICTION .....	14
14.	INCOME TAX RULES .....	14

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

## 1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be called the “WELSOP”.
- 1.2 The objective of the WELSOP is to provide an incentive to attract, retain and reward Employees performing Services for the Company and by motivating such Employees to contribute to the growth and profitability of the Company.
- 1.3 The WELSOP is established as per the approval granted by the shareholders by a special resolution on **30<sup>th</sup> September, 2005** and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the options available for issuance as per the approval granted by the shareholders have been issued and exercised or lapsed, whichever is earlier.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the WELSOP.

## 2. Definitions and Interpretation

### 2.1 Definitions

The terms defined in this WELSOP shall for the purposes of this WELSOP, have the meanings herein specified and terms not defined in this WELSOP shall have the meanings as defined in the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 1956, the SEBI (Disclosure and Investor Protection) Guidelines 2000 and the SEBI (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999, or in any statutory modifications or re-enactments thereof, as the case may be.

- i. **“Agreement”** means the Employee Stock Option agreement between the Company and the Option Grantee evidencing the terms and conditions of an individual Employee Stock Option. The Agreement is subject to the conditions of WELSOP.
- ii. **“Applicable Law”** means any applicable legal requirements relating to Employee Stock Option, including, without limitation, the Companies Act, 1956, the SEBI Act, the SEBI Guidelines and all relevant tax, securities,

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

exchange control or corporate laws of India, or of any other relevant jurisdiction or of any stock exchange on which the shares are listed or quoted.

- iii. **“Board”** means the Board of Directors of the Company.
- iv. **“Companies Act”** means The Companies Act, 1956 and includes any statutory modifications or reenactments thereof.
- v. **“Company”** means Welspun Gujarat Stahl Rohren Ltd.
- vi. **“Director”** means a member of the Board of the Company.
- vii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Remuneration Committee for granting the Employee Stock Options to the employees.
- viii. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) a director of the Company, whether a whole time director or not; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this para, of a subsidiary, in India or out of India, or of a holding company of the Company, but excludes
  - a. an employee who is a promoter or belongs to the promoter group;
  - b. a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company.
- ix. **“Employee Stock Option” or “Option”** means the option granted to an Employee by the Company, which gives such Employee the right to purchase or subscribe at a future date, the shares underlying the option at a pre-determined price.
- x. **“Exercise”** of an Option means expression of an intention by an option grantee to purchase the Shares underlying the Options vested in him, in pursuance of the WELSOP, in accordance with the procedure laid down for exercise of options.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

- xi. **“Exercise Period”** means such time period after vesting within which the Employee should exercise the options vested in him in pursuance of the WELSOP.
- xii. **“Exercise Price”** means the price payable by an Employee in order to exercise the Option granted to him in pursuance of the WELSOP.
- xiii. **“Grant”** means issue of Options by the Company to the Employees under the WELSOP.
- xiv. **“Independent Director”** means a director of the company, not being a whole time director and who is neither a promoter nor belongs to the promoter group.
- xv. **“Market Price”** means the price of an equity share of the Company on a recognized stock exchange.
- xvi. **“Option Grantee”** means an Employee having a right but not an obligation to exercise an Employee Stock Option in pursuance of the WELSOP.
- xvii. **“Permanent Incapacity”** means any disability of whatsoever nature be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Remuneration Committee based on a certificate of a medical expert identified by such Committee.
- xviii. **“Promoter”** means (a) the person or persons who are in over-all control of the company; (b) the person or persons who are instrumental in the formation of the company or programme pursuant to which the shares were offered to the public; (c) the person or persons named in the offer document as promoter(s). Provided that a director or officer of the company if they are acting as such only in their professional capacity will not be deemed to be a promoter.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

- xix. **“Promoter Group”** means (a) an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the offer document “shareholding of the promoter group”.
- xx. **“Recognized Stock Exchange”** means the BSE, NSE or any other Stock Exchange in India on which the Company’s Shares are listed or to be listed.
- xxi. **“Register”** means the Register of Option Grantees to be maintained by the Company.
- xxii. **“Retirement”** means retirement as per the rules of the Company.
- xxiii. **“Remuneration Committee”** means a Committee constituted by the Board of Directors consisting of a majority of independent directors to administer the WELSOP.
- xxiv. **“Scheme / Plan / WELSOP”** means this Welsop Employee Stock Option Plan under which the Company is authorised to grant Employee Stock Options to the Employees.
- xxv. **“SEBI Act”** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxvi. **“SEBI Guidelines”** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and includes all regulations and clarifications issued there under.
- xxvii. **“Shares”** means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the WELSOP.
- xxviii. **“Subsidiary company”** means any present or future subsidiary company of the Company, as defined in the Companies Act, 1956.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

- xxix. **“Vesting”** means earning by the Option Grantee, of the right to apply for Shares of the Company against the Employee Stock Options granted to him in pursuance of the WELSOP.
- xxx. **“Vesting Period”** means the period during which the Vesting of the Employee Stock Option granted to the Employee, in pursuance of the WELSOP takes place.
- xxxi. **“Vested Option”** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.
- xxxii. **“Unvested Option”** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

## 2.2 Interpretation

In this Plan, unless the contrary intention appears:

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

## 3. Authority and Ceiling

- 3.1 A Special Resolution has been passed at the General Meeting of the shareholders of the Company held on 30<sup>th</sup> September, 2005, authorising the Company to issue shares for the purpose of allotment against Stock Options that are exercisable into equity shares not exceeding 5% of the issued equity capital at any point of time, to permanent employees and directors of the Company.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

- 3.2 If an Employee Stock Option expires or becomes unexercisable without having been exercised in full, the unpurchased Shares, which were subject thereto, shall become available for future Grants or sale.

## **4. Administration**

- 4.1 The WELSOP shall be administered by the Remuneration Committee. All questions of interpretation of the WELSOP or any Employee Stock Option shall be determined by the Remuneration Committee and such determination shall be final and binding upon all persons having an interest in the WELSOP or such Employee Stock Option.

- 4.2 The Remuneration Committee shall in accordance with this Plan and Applicable Laws, determine the following:

- (a) The quantum of Employee Stock Options to be granted under the WELSOP per Employee, subject to the ceiling as specified in Para 3.1;
- (b) The Eligibility Criteria;
- (c) The procedure for augmenting the rights of the existing option holders by making a fair and reasonable adjustment in case of a corporate action such as stock split / consolidation, rights issues, bonus issues, merger, sale of division and others, to ensure that the option holders are compensated appropriately in case of any diminution in the value of their stock options as a result of such corporate action.
- (d) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
- (e) The procedure for cashless exercise of Employee Stock Options, if required.

- 4.3 The Remuneration Committee shall also:

- (i) Frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Insider Trading) Regulations, 1992; and (b) Securities and Exchange Board of India (Prohibition of

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995, by any Employee;

- (ii) Approve forms, writings and/or agreements for use in pursuance of the WELSOP.
- (iii) Frame any other byelaws, rules or procedures as it may deem fit for administering WELSOP.

## 5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Employee Stock Options under WELSOP. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Remuneration Committee.
- 5.2 The Scheme shall be applicable to the company, subsidiary companies in India and abroad or its holding Company and any successor company thereof and may be granted to the Employees and Directors of the Company or its subsidiaries or its holding company, as determined by the Remuneration Committee on its own discretion.

## 6. Vesting

The Employee Stock Options shall vest over a period of **three years** in the following manner:

Period	Vesting proportion
End of One Year from the date of Grant	30 % of the options granted
End of Two Years from the date of Grant	35 % of the options granted
End of Three Years from the date of Grant	35 % of the options granted

The options would vest only if the option grantee continues to be in employment of the company at the time the options are due to vest.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

## **7. Exercise**

- a) The Employee Stock Options shall be granted by the Company at the 25% discount to the latest available closing market price of the equity shares of the company rounded off to the nearest higher rupee, prior to the date of grant. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Remuneration Committee may decide.
- b) The Employee Stock Options granted shall be capable of being exercised in one or more tranches in multiples of 1000 shares, within a period of three years from the date of Vesting of the respective Employee Stock Options.
- c) In the event of the death of an Employee while in employment with the Company, all the Vested and Unvested Options may be Exercised by the Option Grantee's nominee immediately after, but in no event later than six months from the date of death.
- d) In the event of separation of an Employee from the Company due to reasons of Permanent Incapacity the Option Grantee may Exercise his or her Vested as well as Unvested Option immediately after Permanent Incapacity but in no event later than six months from the date of separation from employment.
- e) In the event of separation from employment for reasons of normal retirement or a retirement specifically approved by the Company,
  - (i) all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than six months from the date of such Option Grantee's retirement, and
  - (ii) all Unvested Options will stand cancelled as on the date of such retirement, unless otherwise determined by the Remuneration Committee whose determination will be final and binding.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

- f) In the event of separation due to resignation prior to retirement, all Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee immediately but not later than one month from the date of submission of resignation, failing which such vested but unexercised options would lapse.
- g) In the event of abandonment of employment by an Option Grantee without the Company's consent, all Employee Stock Options granted to such employee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand cancelled. The Remuneration Committee, at its sole discretion shall decide the date of cancellation of options and such decision shall be binding on all concerned.
- h) In the event of termination of the employment of an Option Grantee for misconduct or due to breach of policies or the terms of employment of the Company, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.

## **8. Other Terms and Conditions**

- 8.1 The Employee 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 Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted on Exercise of such Employee Stock Option.
- 8.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 8.3 If the Company issues bonus or rights shares, the Option Grantee will not be eligible for the bonus or rights shares in the capacity of an Option Grantee. Only

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

- if the employee stock options are vested and exercised and the Option Grantee is a valid holder of the shares of the Company, the Option Grantee would be entitled for bonus or rights shares as other shareholders of the Company.
- 8.4 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7(c) would apply.
- 8.5 Person other than the Employee to whom the Employee Stock Option is granted shall not be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee holder, in which case clause 7(c) would apply.
- 8.6 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

## **9. Deduction of Tax**

The Company shall have the right to deduct from the employee's salary, any of the employee's tax obligations arising in connection with the Employee Stock Option or the Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver Shares or to release Shares from an escrow established in pursuance of the Agreement until the Company's tax deduction obligations, if any have been satisfied by the Option Grantee.

## **10. Authority to vary terms**

The Remuneration Committee may, if it deems necessary, vary the terms of WELSOP, subject to the SEBI Guidelines and other Applicable Laws.

## **11 Miscellaneous**

### **11.1 Government Regulations**

This WELSOP shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of shares under this WELSOP shall also be subject to the Company requiring Employees to comply with all Applicable Laws and be subject to the approval of the Company's Counsel.

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

## 11.2 Inability to obtain authority

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

11.3 The grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to Compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person of the Company, give such person any right entitlement or expectation to have an Employee Stock Option granted to him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

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

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

11.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part in consequence of the loss or termination of his office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

# WELSPUN GUJARAT STAHL ROHREN LIMITED

*Village Jolva & Vadadla, Near Dahej, Taluka Vagra, Dist. Bharuch, Gujarat-392 130*

## **12. Notices**

All notices of communication required to be given to an Option Grantee by virtue of this WELSOP shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee in respect of WELSOP shall be sent to the address mentioned below:

***Welspun Gujarat Stahl Rohren Ltd.***

*Trade World, B Wing, 9<sup>th</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, Maharashtra, India.*

## **13. Governing Law and Jurisdiction**

- 13.1 The terms and conditions of the WELSOP shall be governed by and construed in accordance with the laws of India.
- 13.2 The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this WELSOP.
- 13.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this WELSOP:-
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

## **14. Income Tax Rules**

The applicable Income Tax Laws and Rules as in force will be applicable.