

Tube Investments of India Limited

Regd. Office: Dare House, 234, N S C Bose Road, Chennai 600001

Tel: 044-4217770-5 - Fax: 044-421104054

(CIN: L65999TN2008PLC069496)

DETAILS OF EMPLOYEE STOCK OPTION SCHEME 2017 ("ESOP 2017")

The ESOP 2017 has been framed pursuant to the Scheme of Arrangement in connection with the demerger of the Manufacturing Business Undertaking of Tube Investments of India Limited ("TIIIL" or "the Demerged Company") on a going concern basis into TI Financial Holdings Limited ("TIFHL" or "the Resulting Company"/ "the Company"), subject to sanction by the National Company Law Tribunal, Chennai. The said Scheme of Arrangement stipulates that the Resulting Company shall take necessary steps to formulate stock option schemes by adopting the Existing Stock Option Schemes of the Demerged Company. Existing Stock Option Schemes means all the Stock Option Schemes subsisting in the Demerged Company, namely, Tube Investments of India Limited Employee Stock Option Plan 2007 (ESOP 2007) and Tube Investments of India Limited Employee Stock Option Plan 2016 (ESOP 2016). As envisaged under the said Scheme of Arrangement, all the terms and conditions of ESOP 2017 to the extent required under the same have been made adopting the Existing Stock Option Schemes of the Demerged Company.

The objective of the ESOP 2017 is to grant Options as a measure of fair and reasonable adjustment to certain Employees, whether currently serving the Demerged Company or are transferred to the Resulting Company, pursuant to the Scheme of Arrangement with a view to restore the value of the employee stock options granted under the Existing Stock Option Schemes of the Demerged Company. The Company also intends to use ESOP 2017 with a view to attract, retain, motivate and incentivize Employees for their performance and contribution to the growth and profitability of the Company. Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives. The Company believes in rewarding its employees including Whole-time/Managing Directors of the Company and its subsidiaries for their continuous hard work, dedication and support, which has led the Company and its subsidiaries on the growth path. The Company intends to implement an employee stock option plan with a view to attract and retain the key talent working with the Company and its subsidiaries by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability.

With this objective in mind, the Company is implementing the Employee Stock Option Plan 2017 viz., "Employee Stock Option Plan 2017" ("the ESOP 2017") for the permanent employees including Whole-time/Managing Directors of the Company and its subsidiaries.

The main features of the ESOP 2017 are as under:

a) **Brief description of the Plan:**

The ESOP 2017 is primarily with a view to attract, retain, incentivise and motivate the existing employees of the Company and its subsidiaries, employees joining the Company and its subsidiaries, and its Whole-time/Managing Directors that would lead to higher corporate growth. The ESOP 2017 contemplates grant of Options to the eligible employees (including Whole-time/Managing Directors), as may be determined in due compliance of the SEBI SBEB Regulations and provisions of the ESOP 2017. After vesting of Options, the eligible employees earn a right (but not obligation) to exercise the vested Options within the Exercise period and obtain Equity Shares of the Company subject to payment of the Exercise price and satisfaction of any tax obligation arising thereon.

The Nomination and Remuneration Committee ("Committee") of the Company shall administer the ESOP 2017. All questions of interpretation of the ESOP 2017 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2017.

b) **Total number of Options to be granted:**

The total number of Options to be granted under the ESOP 2017 shall not exceed 37,48,000 (thirty- seven lakhs forty eight thousand). Each Option when exercised would be converted into one Equity Share of Re.1 each fully paid-up.

Further, the SEBI SBEB Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the Options granted. In this regard, the Committee shall adjust the number and price of the Options granted in such a manner that the total value of the Options granted under the ESOP 2017 remain the same after any such corporate action. Accordingly, if any additional Options are issued by the Company to the Option grantees for making such fair and reasonable adjustment, the ceiling of 37,48,000 (Thirty-seven lakhs forty eight thousand) shall be deemed to be increased to the extent of such additional Options issued.

c) **Identification of classes of employees entitled to participate in the ESOP 2017:**

All the permanent employees (including Whole-time/Managing Directors but excluding promoters and Independent Directors of the Company and its subsidiaries) working in India or out of India shall be eligible to participate in the ESOP 2017. Provided however that the following persons shall not be eligible to participate in the ESOP 2017:

- i) an employee who is a promoter or belongs to the Promoter Group as defined in the SEBI SBEB Regulations;
- ii) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Equity Shares of the Company;&
- iii) Independent Directors.

d) **Requirements of vesting and period of vesting:**

All the Options granted on any date shall vest not earlier than 1 (one) year and not later than a maximum of 5 (five) years from the date of grant of the Options as may be determined by the Committee.

Options shall vest essentially based on continuation of employment and apart from that the vesting will be subject to individual performance and corporate performance parameters as the Committee may specify additionally.

Notwithstanding anything stated above, in case of grant of options in lieu of options held under the Existing Stock Option Schemes, the requirements of vesting and period shall be kept same as that of former and also that the period of vesting already elapsed shall be reduced under the ESOP 2017.

e) **Maximum period within which the Options shall be vested:**

All the Options granted on any date shall vest not later than a maximum of 5 (five) years from the date of grant of the Options as may be determined by the Committee.

f) **Exercise price or pricing formula:**

The Exercise price shall be equal to market price of the Equity Shares on the date of grant or any other price as decided by the Committee.

Notwithstanding anything stated above, in case of grant of options in lieu of options held under the Existing Stock Option Schemes, the exercise price shall be such as may be decided by the Board/ Committee as required under applicable laws.

g) **Exercise period and the process of exercise:**

The Exercise period would commence from the date of vesting and will expire on completion of 5 (five) years from the date of respective vesting or such other shorter period as may be decided by the Committee from time to time.

The vested Option shall be exercisable by the employees by a written application to the Company expressing their desire to exercise such Options in such manner and in such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified Exercise period.

- h) **Appraisal process for determining the eligibility of employees under the ESOP 2017:**
The appraisal process for determining the eligibility of employees under the ESOP 2017 shall be decided from time to time by the Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, corporate governance, etc.
- i) **Maximum number of Options to be issued per employee and in aggregate:**
The number of Options that may be granted to any specific employee of the Company and its subsidiaries under the ESOP 2017, in any financial year and in the aggregate under the ESOP 2017 shall not exceed 10,00,000 (Ten lakhs) Options.
- j) **Maximum quantum of benefits to be provided per employee under the ESOP 2017:**
The maximum quantum of benefits underlying the Options issued to an eligible employee shall depend upon the market price of the Equity Shares as on the date of exercise of the Options.
- k) **Route of the ESOP 2017 implementation:**
The ESOP 2017 shall be implemented and administered directly by the Company. In case Company wishes otherwise, it may be intimated to the Members in due course as per applicable laws.
- l) **Source of acquisition of shares under the ESOP 2017:**
The ESOP 2017 contemplates fresh/new issue of Equity Shares by the Company.
- m) **Amount of loan to be provided for implementation of the Scheme by the Company to the trust, its tenure, utilization, repayment terms, etc.:**
This is currently not contemplated under the ESOP 2017.
- n) **Maximum percentage of secondary acquisition:**
This is not relevant under the ESOP 2017.
- o) **Accounting and disclosure policies:**
The Company shall follow the Guidance Note on Accounting for Employee Share-based Payments ("Guidance Note") and/or any relevant Accounting Standards as may be prescribed by the competent authorities from time to time, including the disclosure requirements prescribed therein.
- p) **Method of Option valuation:**
The Company shall adopt 'fair value method' for valuation of the Options as prescribed under the Guidance Note or under any relevant Accounting Standard(s) notified by appropriate authorities from time to time.
- q) **Declaration:**
In case the Company opts for expensing of share based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Board's Report.
