

DCM Shriram Employee Stock Purchase Scheme (ESPS)

DCM Shriram LTD. ("the Company") has been granting shares procured from secondary market to eligible participants, in compliance with various SEBI circulars, and the SEBI (Share Based Employee Benefits) Regulations, 2014, and any other applicable law /regulations etc. as amended from time to time, under **DCM Shriram Employee Stock Purchase Scheme** (the "Scheme"), last amended w.e.f. September 1, 2013. The scheme hereby stands further amended and aligned with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, concurrent with the date of coming into force of the said Regulations, and the following shall apply for all grants as per the Company's shareholder approval obtained for the amendment vide postal ballot on June 5, 2023:

1. Eligible Participants

Eligible Participants for being considered for grant of shares shall be :

- (i) An employee, as designated by the Company, who is exclusively working in India or outside India; or
- (ii) A director of the Company, whether a whole time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or
- (iii) An employee as defined in sub-clauses (i) or (ii) of a group company including subsidiary or its associate company, 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 10% of the outstanding equity shares of the company

2. Share Based/Trust Administered

The scheme shall be share based only and administered through the DCM Shriram Employees Benefits Trust ("Trust"), and it involves secondary acquisition of Company's shares.

3. Appraisal Process

The appraisal process for determining the eligibility of Eligible Participants shall be as follows:

- (i) ESPS is an integral part of the Long Term Incentive for retention and engagement of the talent pool of the Organisation.
- (ii) Based on the appraisal of performance and potential of employees, the SBU Head and SBU HR will short list and recommend employees eligible for ESPS.
- (iii) The SBU's proposal will be reviewed by Corporate HR and forwarded to the NRCC or Sanctioning Committee for review of each case individually and then take a final decision.

4. Grant Shares/Price

The shares offered and the grant price may be different for different Eligible Participants, and may be determined at the time of every grant of shares subject to the grant price not lower than par value (currently Rs.2/- per share).

The number of shares granted for an individual Eligible Participant, during any year, shall be less than 1% of the paid up equity share capital of DCM Shriram at the time of transfer of shares, unless approved by way of a separate resolution in the general meeting of the Company.

5. Lock in

The shares granted shall be subject to lock-in/performance condition period for a minimum of one year from the date of transfer.

Where shares are transferred by DCM Shriram under the scheme in lieu of the shares acquired by the same person under an ESPS in another Company which has merged or amalgamated with DCM Shriram, the lock-in period already undergone in respect of the shares of the transferor company may be adjusted against the lock-in/performance condition period required under this scheme.

6. Nomination, Remuneration & Compensation Committee

The Committee (Nomination, Remuneration & Compensation Committee) ("NRCC"/"Compensation Committee") comprising of such number of Independent Directors, as prescribed under Section 178 of the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, constituted by the Board, is fully empowered to implement the scheme including but not limited to determining shares to be offered to an eligible participant, grant price, performance conditions, lock-in/performance condition period, prescribe, approve, implement all relevant procedures, documents and policies for the scheme, procedure for making adjustment to the number of shares granted and the price etc. in case of corporate actions such as bonus issues, rights, merger, amalgamation, sale of divisions and others, with power to sub-delegate any of the foregoing as the NRCC may deem fit from time to time, and to undertake all such actions as may be prescribed under SEBI Regulations from time to time. Implementation Guidelines have been laid down for the Scheme by the Compensation Committee and the same apply accordingly.

7. Compliances

All applicable requirements under erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time and SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended/re-enacted from time to time, read with relevant circulars, shall be complied with including but not limited to accounting policies, disclosure requirements etc.

The shares to be granted under the scheme shall be limited to those acquired from the secondary market from time to time, as approved by the shareholders pursuant to applicable SEBI Regulations.

8. Other provisions as per SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021:

- a) The quantum of shares per employee and in aggregate under the scheme —Upto 500,000 per Eligible Participant. The total quantum of shares is upto 5% of the paid up equity capital of the Company at any point of time.
- b) The kind of benefits to be granted under a scheme covered by Part D and Part E of Chapter III of these regulations — Not applicable being ESPS
- c) The conditions under which options, SARs, shares or other benefits as the case may be, may vest in employees and may lapse in case of termination of employment for misconduct — Conditions apply for the different situations including return of shares granted, payments etc. in case of termination for Cause, and/or for acts or omissions amounting to Cause coming to notice after cessation of employment, and Implementation Guidelines provide mechanisms and for decision by NRCC or its delegate as applicable from time to time.
- d) The exercise period within which the employee can exercise the options or SARs and that options or SARs would lapse on failure to exercise the same within the exercise period — Not applicable being ESPS
- e) The specified time period within which the employee shall exercise the vested options or SARs in the event of termination or resignation — Not applicable being ESPS
- f) The right of an employee to exercise all the options or SARs, as the case may be, vested in him at one time or at various points of time within the exercise period — Not applicable being ESPS
- g) The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of options/SARs and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others.

In this regard, the following shall, inter alia, be taken into consideration by the compensation committee:

- i. the number and price of options / SARs shall be adjusted in a manner such that total value to the employee of the options / SARs remains the same after the corporate action;
- ii. the vesting period and the life of the options / SARs shall be left unaltered as far as possible to protect the rights of the employee(s) who is granted such options / SARs;

— Not applicable being ESPS. Implementation Guidelines provide for mechanism for fair and reasonable adjustments, if required, in relations to the shares offered/purchased under ESPS for different situations, and for decision by NRCC or its delegate as applicable from time to time.

- h) the grant, vesting and exercise of shares, options or SARs in case of employees who are on long leave — To be decided by NRCC or its delegate from time to time under Implementation Guidelines depending on the reason and duration of long leave, total length of employee's service, and other factors etc.
- i) Eligibility to avail benefits under schemes covered by Part D and/or Part E of Chapter III of the regulations in case of employees who are on long leave — Not applicable being ESPS
- j) the procedure for funding the exercise of options / SARs — Not applicable being ESPS.
- k) The procedure for buy-back of specified securities issued under these regulations, if to be undertaken at any time by the company, and the applicable terms and conditions, including —
 - (i) permissible sources of financing for buy-back;
 - (ii) any minimum financial thresholds to be maintained by the company as per its last financial statements; and
 - (iii) limits upon quantum of specified securities (as defined under the Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018) that the company may buy-back in a financial year.

Procedure for buy back is not applicable because no specified securities are issued for the ESPS; the Scheme involves only secondary acquisition of Company's shares.