

**B.N. RATHI SECURITIES LIMITED (BNRSL)  
EMPLOYEE STOCK OPTION SCHEME 2022**

For B.N. RATHI SECURITIES LIMITED  
G. Sathish Reddy  
Company Secretary  
11/03/2022

**B.N. RATHI SECURITIES LIMITED (BNRSL)  
EMPLOYEE STOCK OPTION SCHEME 2022**

**1. TITLE**

This Scheme shall be called the “B.N. Rathi Securities Limited Scheme-2022” (“BNRSL –ESOP SCHEME 2022” or “Scheme” or ‘Plan’).

**2. OBJECT**

The main objectives of this scheme is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market. B.N. Rathi Securities Limited Scheme 2022 ('BNRSL ESOP 2022' or 'the Scheme') will be administered by the Board and/or Nomination & Remuneration Committee (also referred as “**Compensation Committee**”) of the Board in terms of “**SEBI (SBEB Regulations).**”

This Scheme has been adopted by resolution of the Board of Directors of the Company, with the object of granting, *at the discretion of the Company*, to, such of the Company's / Subsidiary's Employees as are eligible and qualify under the Scheme, Options to acquire equity Shares directly from the Company and to be allotted Equity Shares of the Company on Exercise of such Options.

The Board of Directors or the Nomination and Remuneration Committee may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2022.

**3. DEFINITIONS**

The following terms as used herein shall have the meaning specified:

- 3.1 “**Act**” means the Companies Act, 2013 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force and rules notified under the Companies Act, 2013.
- 3.2 “**Applicable Law**” means the legal requirements relating to Employee Stock Options, including, but not limited to the Companies Act, 2013, SEBI (Share Based Employee Benefits Regulations), 2014 or any statutory modifications or re-enactments thereof, as the case may be and all relevant tax, securities, exchange control or corporate laws of India or any relevant jurisdiction or of any stock exchange on which the shares of the Company may be listed.
- 3.3 “**Allotment**” refers to the issue of Shares by the Company to the Eligible Employees pursuant to Exercise of Options granted to them.
- 3.4 “**Board of Directors**” or “**Board**” means the Board of Directors for the time being of the Company or any committee thereof.
- 3.5 “**Change in Capital Structure**” means a change in the capital structure of the Company as a result of re-classification of Shares, splitting up of the face value of Shares, sub-division of Shares, issue of bonus Shares, conversion of Shares into other Shares or Securities of the Company and any other change in the rights or obligations in respect of Shares.

**For B.N. RATHI SECURITIES LIMITED**

  
G. Sabitha Reddy  
Company Secretary  
M.No.38471

3.6 **"Company"** means **M/s. B.N. Rathi Securities Limited**, a Company incorporated under the Companies Act, 1956 having its registered office at 6-3-652, IV Floor, Kautilya Amrutha Estates, Somajiguda Hyderabad, Telangana -500082.

3.7 **"Companies Act"** means the Companies Act, 2013 and includes any statutory modifications or re-enactment thereof.

3.8 **"Corporate Action"** means one of the following events:

- (i) The merger, de-merger, spin-off, consolidation, amalgamation, sale of business, dissolution or other reorganization of the Company in which the shares are converted into or exchanged for:
  - (a) a different class of Securities of the Company; or
  - (b) any Securities of any other issuer; or
  - (c) cash; or
  - (d) other property.
- (ii) The sale, lease or exchange of all or substantially all of the assets or undertaking of the Company.
- (iii) The adoption by the shareholders of the Company of a scheme of liquidation, dissolution or winding up.
- (iv) Acquisition by any company, person, entity or group controlling stake in the Company. For this purpose 'Controlling Stake' shall mean more than 50% of the voting share capital of the Company.
- (v) Rights issue, bonus issue and others.

Any other event, which in the opinion of the Board has a material impact on the business of the Company, which requires corporate action.

3.9 **"Director"** means the Member of Board of Directors of the Company.

3.10 **"Disability"** shall mean "Permanent total Disability" as defined in the Workmen's Compensation Act, 1923.

3.11 **"Effective Date"** for the Scheme means the date decided by the Board of Directors of the Company to be the Effective Date.

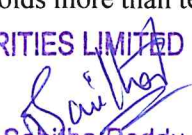
3.12 **"Eligible Employee(s) or Beneficiary (ies)"** means all Employees to whom an Option is granted under the ESOP - 2022 or those Employees who satisfy the Eligibility Criteria for Grant of Options as the case may be.

3.13 **"Eligible Employee"** means

- (i) a permanent employee of the company who has been working in India or outside India; or
- (ii) a director of the company, whether a whole time director or not but excluding an independent director; or
- (iii) an employee as defined in clauses (i) or (ii) of a subsidiary, in India or outside India, but does not include
  - (a) an employee who is a promoter or a person belonging to the promoter group; or
  - (b) a director who either himself or through his relative or through any body corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the company;

**For B.N. RATHI SECURITIES LIMITED**

Page 3 of 17

  
**G. Sabitha Reddy**  
Company Secretary  
M.No.38471



- 3.14 **“Employee Stock Option” or “Option”** means the option given to the directors, officers or employees of a company or subsidiary company(ies) or holding company(ies), if any, which gives such directors, officers or employees, the benefit or right but not obligation to purchase, or to subscribe for, the shares of the company at a future date at a pre-determined exercise price;
- 3.15 **“Equity Shares” or “Shares”** means an Equity Share of the Company of the face value of Re. 1 each or where the Equity Shares has been split up into par value of less than Re. 1 or consolidated into a par value of more than Re. 1, then the Shares of such denominations, arising out of the exercise of Employee Stock Options granted under the ESOP - 2022.
- 3.16 **“Exercise”** means making an application by an employee to the company for issue of shares against vested options in pursuance of the Scheme.
- 3.17 **“Exercise Date”** means the date on which an Employee exercises his/her option to acquire the Equity shares of the company.
- 3.18 **“Exercise Period”** means the time period after vesting within which an employee can exercise his/her right to apply for shares against the vested option in pursuance of the scheme.
- 3.19 **“Exercise Price”** means the price payable by the employee for exercising the Option granted under the Scheme as may be decided by the Nomination and Remuneration Committee from time to time. However the Exercise Price shall not be less than the par value of the Equity Share and shall not exceed market price of the equity share of the Company as on date of grant of Option which may be decided by the Committee.
- 3.20 **Equity Share”** means an equity share in the Company of the face value of Rs. 10/- (rupees Ten Only) each or where the equity share of the Company has been split up into par value of less than Rs. 10/- (Rupees ten Only), then the equivalent number of equity shares for the revised par value per equity share.
- 3.21 **“Grant”** means the process by which company issues options under the Scheme.
- 3.22 **“Grant date”** means the date on which the compensation committee approves the grant.

*Explanation,—For accounting purposes, the grant date will be determined in accordance with applicable accounting standards*

- 3.23 **“Holding Company”** means the Holding Company (ies) of the Company as defined under Section 2(46) of the Companies Act, 2013.
- 3.24 **“Letter of Grant”** means the letter issued by the Company intimating the Employee of the Options granted to him/her for acquiring a specified number of Equity Shares at the Exercise Price.
- 3.25 **“Market Price”** means the latest available closing price on a recognized stock exchange on which the shares of the company are listed on the date immediately prior to the Relevant Date. If such shares are listed on more than one Stock Exchange, then the closing price on the stock exchange having higher trading volume shall be considered as the market price.
- 3.26 **“Nomination and Remuneration Committee” or ‘NRC’ or ‘ESOP Committee’ or ‘Compensation Committee’** means the Nomination and Remuneration Committee as constituted by the Board of Directors of the Company in compliance with the provisions of the Act and Regulation 19 of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015.


**For B.N. RATHI SECURITIES LIMITED**

  
G. Sathya Reddy  
Company Secretary  
M.No.38471



- 3.27 **“Option”** means an option given to an employee which gives such an employee the right to purchase or subscribe at a future date, the shares offered by the company, directly or indirectly at a pre-determined price;
- 3.28 **“Optionee”** or **‘option grantee’** means an Eligible Employee who has been granted an Option under this Scheme and where the context requires shall include the guardian of an incapacitated Eligible Employee and the nominee or legal heir of a deceased Eligible Employee.
- 3.29 **“Permanent Incapacity”** means any disability of whatsoever nature be it physical, mental or otherwise, which 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 ESOP Committee based on a certificate of a medical expert identified by such ESOP Committee.
- 3.30 **“Promoter”** shall have the same meaning assigned to it under the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2018 & as defined under the Companies Act, 2013 (as amended from time to time);
- 3.31 **“Promoter group”** shall have the same meaning assigned to it under the SEBI (Issue Of Capital And Disclosure Requirements) Regulations, 2018 as defined under the Companies Act, 2013 (As amended from time to time);
- 3.32 **“Relevant date”** means
- a) in the case of grant, the date of meeting of the Nomination and Remuneration committee on which the grant is made or
  - b) in the case of exercise, the date on which the notice of exercise is given to the Company or to the trust by the employee by the Employee.
- 3.33 **“Resultant Shares”** means the shares or other Securities issued in lieu of the shares of the Company, on any “Change in Capital Structure” or on any “Corporate Action”.
- 3.34 **“Scheme”** means a scheme of a company proposing to provide share based benefits to its employees which may be implemented and administered directly by such company or through a trust, in accordance with these regulations.
- 3.35 **“SEBI”** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.
- 3.36 **“SEBI Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by SEBI, as amended from time to time.
- 3.37 **“Subsidiary”** means a subsidiary of the Company as defined in the Act.
- 3.38 **“Successor”** of an Optionee means a legal representative of the estate of a deceased Optionee or the person or persons who shall acquire the right to Exercise an Option by operation of law or due to death of the Optionee.
- 3.39 **“Unvested Option”** means an Option in respect of which the relevant Vesting Period has not yet completed and as such, the Optionee has not become eligible to Exercise the Option.
- 3.40 **“Vesting”** means the process by which the employee becomes entitled to receive the benefit of a grant made to him under any of the schemes;

For **B.N. RATHI SECURITIES LIMITED**

  
**G. Sabitha Reddy**  
Company Secretary  
M.No.38471

- 3.41 **“Vesting Period”** means the period during which the vesting of option granted under the Scheme take place.
- 3.42 **“Vesting Date”** means the earliest date on which an Optionee may exercise the rights under the Options.
- 3.43 **“Vested Option”** means an Option in respect of which the relevant Vesting Period has been completed and the Optionee has become eligible to Exercise the Option.

Words and expressions used and not defined in this Scheme but defined in the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, 2013 (18 of 2013) and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation.

#### **4. STOCK SUBJECT TO PLAN**

- 4.1 The maximum aggregate number of Shares, which may be granted under the Scheme to all the eligible employees is 15,00,000 (Fifteen Lakhs) Equity Shares . Maximum number of options to be granted to an eligible employee will be determined by the Nomination and Remuneration Committee on case to case basis in terms of the resolutions passed by the shareholders. Thus, the maximum number of options granted to any one employee / director in a year shall not exceed 1% of the paid-up capital of the company in aggregate as may be determined by the Nomination and Remuneration Committee.
- 4.2 If the options granted under the Scheme lapses or is forfeited under any provision of the Scheme, such option shall be available for further Grants under the Plan (unless the Scheme is terminated)

#### **5. IMPLEMENTATION**

- 5.1 The Plan shall be implemented by the Nomination & Remuneration Committee formed by the Company under the broad policy and framework laid down by the Board of Directors in accordance with the authority delegated to the NRC in this regard from time to time.
- 5.2 All decisions, determinations and interpretations of the Nomination and Remuneration Committee shall be final and binding on all Optionees.

#### **6. EFFECTIVE DATE AND PLAN DURATION**

The ESOP 2022 is established with effect from date of shareholders’ approval on which the shareholders of the Company have approved it and shall continue to be in force until (i) its termination by the Board/ Committee as per provisions of Applicable Laws, or (ii) the date on which all of the Options available for issuance under the ESOP 2022 have been issued and exercised, whichever is earlier.

**For B.N. RATHI SECURITIES LIMITED**

*G. Sabitha Reddy*  
G. Sabitha Reddy  
Company Secretary  
M.No.38471



## 7. NOMINATION & REMUNERATION COMMITTEE OR COMPENSATION COMMITTEE

7.1 The Nomination & Remuneration Committee of the Board constituted by the Company pursuant to the provisions of the Act and SEBI (LODR) Regulations, 2015 is hereby designated as the 'Compensation Committee' for administration and superintendence of the BNRSL ESOP Scheme 2022. The Board, shall at its sole discretion, have the power to appoint any director as a member of the Compensation Committee and to remove any such director so appointed and appoint another in his place and any such appointment and/or removal shall be made by a resolution of the Board, such that the composition of the Compensation Committee at all times is in compliance of the requirements of the Act or any other applicable regulations. The Compensation Committee shall be entitled to invite any person to attend its meetings and participate in the discussion and deliberations if it so thinks fit. The Compensation Committee, in the exercise of its powers, may require any information from the Company and/or seek the assistance of any Employee as it may deem fit, to fully and effectively discharge its duties.

**The powers of the Compensation Committee, *inter alia*, include the following:**

- i.) to frame various Plan Series under the BNRSL- ESOP Scheme 2022 from time to time; to determine the employees to whom options are to be granted, number of Options to be granted per Employee and in aggregate, the Exercise Price, the Vesting Date, the Vesting schedule and the proportion of Options that shall vest on each of the Vesting Dates and other terms and conditions in respect of each Plan Series;
- ii.) to determine the Vesting conditions, that are required to be fulfilled by the Employees;
- iii.) lay down the terms and conditions based on which the Options vested in Optionees may lapse, continue, or be retained by Optionees, in case of termination of employment (other than resignation) of such Optionees and the Compensation Committee in framing such terms shall be guided by the provisions of this BNRSL-ESOP Scheme 2016 and applicable law;
- iv.) lay down the terms and conditions based on which Options vested in Optionees may lapse, in case of voluntary surrender of Options by Optionees and the Compensation Committee in framing such terms shall be guided by the provisions of this BNRSL ESOP Scheme 2022 and applicable law;
- v.) lay down the terms and conditions based on which vested Options may be permitted to be exercised in case of resignation by such Optionees and the Compensation Committee in framing such terms shall be guided by the provisions of this BNRSL- ESOP Scheme 2022 and applicable law;
- vi.) to determine the Exercise Period within which the Optionee should Exercise the Options and terms on which the Options would lapse on failure to Exercise the same within the Exercise Period;
- vii.) to determine the Vesting Period within which the Vesting conditions should be fulfilled so that the Options vest with the Optionees;
- viii.) to specify the time period within which the Optionees shall Exercise the vested Options, in the event of resignation by Optionees;
- ix.) lay down, in compliance with applicable law, including the SEBI Regulations and the applicable accounting policies, the procedure, mechanism and formula/construct for making fair and reasonable adjustments to the number of Options and/or to the Exercise Price in case of any Corporate Action or pursuant to any Change in Capital, such that it is not prejudicial to the interest of the Optionees;

**For B.N. RATHI SECURITIES LIMITED**

  
G. Sabitha Reddy  
Company Secretary  
M.No.38471



- x.) to provide for the right of an Optionees to exercise all the Options Vested in him at one time or at various points of time within the Exercise Period;
- xi.) to lay down the method for satisfaction of any tax obligation arising in connection with the Options or the Shares;
- xii.) to provide for the Award, Vesting and Exercise of Options in case of Optionees who are on long leave;
- xiii.) to formulate terms and mechanism for repricing of the Options, whether by way of change in the number of Options or the Exercise Price or both, such that the terms are not prejudicial to the interest of the Optionees;
- xiv.) to lay down the procedure for transfer of benefits granted to the Optionees under the BNRSL-ESOP Scheme 2022 in the case of transfer/deputation of the Optionees to any Subsidiary or Associate Company, as applicable;
- xv.) to formulate other detailed terms and conditions of the BNRSL-ESOP Scheme 2022 including terms in relation to the matters enumerated hereinbefore;
- xvi.) administration and superintendence of the BNRSL-ESOP Scheme 2022.

7.3. The number of members of the Compensation Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board. The Board may further provide that the Compensation Committee shall exercise certain powers only after consultation with the Board and in such case the said powers shall be exercised accordingly.

7.4. No person of the Compensation Committee shall be personally liable for any decision or action taken in good faith with respect to the BNRSL-ESOP Scheme 2022.

**For B.N. RATHI SECURITIES LIMITED**

  
G. Sabitha Reddy  
Company Secretary  
M.No.38471

## 8. GRANT OF OPTIONS

The ESOP Committee may from time to time Grant Options to one or more Employee(s), which may include recurring Options to the same Employee. The aggregate number of Shares underlying an Option that may be granted under the scheme shall be decided by the ESOP Committee / shall not exceed 15,00,000 Options.

Unless agreed to otherwise between the Company and any Employee, the Grant of an Option to an eligible Employee under this Scheme shall entitle the holder of the Options to apply for one Share in the Company upon payment of Exercise Price. Subsequent Options may be granted at such price as may be determined by the Board.

Unless otherwise specified in the Option Letter and / or in the Employee Stock Option Agreement, all Grants shall be deemed to have been made effective from the date of the Option Letter. Any Grant agreed to be made to a prospective Employee upon the condition that such person becomes an Employee shall be deemed to have been Granted and shall become effective on the earliest of the dates specified hereinbefore in this paragraph after the date on which such person commences employment with the Company.

The Option Letter shall specify the date of grant, number of Options granted, the Vesting of the Option, the earliest date on which some or all of the Options under the Grant shall be eligible for Vesting, fulfillment of the performance and other conditions, if any, subject to which Vesting shall take, and the other terms and conditions thereof.

## 9. APPRAISALS AND ELIGIBILITY OF AN ELIGIBLE EMPLOYEE

9.1 Only the Eligible Employees will be granted options under the Scheme.

9.2 Neither the Scheme nor any other option scheme shall confer upon any Optionee any right with respect to continuing the Optionee's relationship as employee with the Company, nor shall it interfere in any way with his or her right or the Company's right to terminate such relationship at any time, for any reason whatsoever.

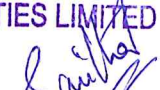
9.3 The appraisal process shall include evaluation of an employee based on one or more criteria for determining eligibility of the employees to be granted options, including but not limited to the following:

- i Work related or academic performance of the employee
- ii Length of service / Position Held
- iii Potential of the employee to contribute to the Company's / Subsidiary's performance
- iv The extent of contribution made by the employee towards business results, achievement of medium to long term performance plans and processes, and customer satisfaction or Employee satisfaction.
- v High market value /difficulty in replacement.
- vi High risk of losing the employee to competition.

## 10. VESTING OF OPTIONS

10.1 The options granted under the Scheme shall vest in one or more tranches commencing from completion of 1<sup>st</sup> year from the date of grant of options, unless otherwise specified by the Nomination and Remuneration Committee. In any event, the vesting period shall not be less than 1 year and not more than 5 years from the date of grant of options. Vesting may happen in one or more

**For B.N. RATHI SECURITIES LIMITED**

  
G. Sabitha Reddy  
Company Secretary  
M.No.38471



tranches. The Vesting schedule as decided will be stipulated in the Option letter to be issued to Individual employees.

- 10.2 Notwithstanding anything to the contrary in this Scheme, the NRC or Compensation Committee shall be entitled to make the Vesting of any or all of the Options granted to an Eligible Employee conditional upon the fulfillment of such performance criteria whether of the Eligible Employee and/ or any team or group of which he is a part and/ or of the Company, as may be determined by the ESOP Committee or determine a Vesting schedule other than as specified herein below for any Eligible Employee.
- 10.3 In the event of any Optionee:
- (i) Dying while in the employment or engagement of the Company; or
  - (ii) Becoming totally and permanently disabled while in service of the Company; or

The rights and obligations under the Options Vested in such Optionee shall accrue to his legal heirs or continue in his/her hands, as the case may be and the Exercise of the Vested Options shall be accelerated as set out in this Plan. Provided however, that in any of the above cases, the ESOP Committee may in its absolute discretion permit the Exercise of any Unvested Options and/ or modify the Exercise Period of any Vested Options and the other conditions as it may deem fit, notwithstanding anything to the contrary stated elsewhere in this Scheme.

## 11. EXERCISE OF OPTIONS

- 11.1 All Vested Options shall be respectively exercised in one or more tranches within a period of 5 years from the respective dates of Vesting, failing which the Options shall lapse.
- Provided however, that in case of cessation of employment, the Vested Options shall lapse/ be exercised in accordance with the provisions of Clause 12 of this scheme.
- 11.2 The Optionee may Exercise the Options by submitting an application to the NRC or Compensation Committee to issue and allot him Shares pursuant to the Vested Options, accompanied by payment of an amount equivalent to the Exercise Price in respect of such Shares and such other writing, if any, as the Board may specify to confirm extinguishment of the rights comprising in the Options then Exercised.
- 11.3 The Scheme if decided by Nomination & Remuneration committee may contemplate cashless exercise of options.
- 11.4 Except as otherwise provided, payment of the Exercise Price for the Shares to be acquired pursuant to any Options shall be made either by:
- (i) Cheque payable at the registered office of the Company;
  - (ii) The Optionee's authority to the Company to deduct such amount from his salary due and payable;
  - (iii) Such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law; or
  - (iv) Any combination of any two or more of the above mentioned methods.
- 11.5 The application shall be in such form as may be prescribed in this regard and the ESOP Committee may determine the procedure for the Exercise from time to time.

**For B.N. RATHI SECURITIES LIMITED**

  
G. Sapitha Reddy  
Company Secretary  
M.No.38471



11.6 The Optionee may appoint any person(s) as nominee(s) for the purpose of exercising the rights on his death, subject to the terms and conditions of the Scheme. The Optionee shall appoint such nominee(s) by submitting a letter in the form specified by the ESOP Committee in this regard. The Optionee has the right to revoke/change such nomination. The nominee(s) shall alone be entitled to Exercise the rights of the Optionee concerned in the event of the death of the Optionee. If the Optionee fails to make a nomination, the Shares shall vest on his / her legal heirs in the event of his / her death with effect from the date of his/her death.

11.7 Notwithstanding anything contained elsewhere in the Scheme, the ESOP Committee and / or the Board may:

- (i) Not permit the Exercise of any Options (whether Vested or not) granted to an Eligible Employee, in the event of the Eligible Employee being found to be involved in fraud, misfeasance, gross negligence, breach of trust, etc. and in such an event the rights under the Options (whether Vested or not) shall lapse, forthwith, without any claim or recourse to the Company.
- (ii) If the Exercise of Options within the Exercise Period, is prevented by any law or regulation in force, defer or not to permit the Exercise of Options till such time as it is prohibited by the applicable laws or regulations and in such an event the Company shall not be liable to pay any compensation or similar payment to the Optionee for any loss suffered due to such refusal.

Provided further that the Board and / or the ESOP Committee shall have the power to cancel all or any of the Options granted under the Plan if so required under any law for the time being in force or the order of any Jurisdictional Court. In the event of any such cancellation, no compensation shall be payable to the Optionee for such cancelled Options.

11.8 In the event of long-term leave, i.e., for a period exceeding three months, the employee will have the option to exercise the options through a duly constituted attorney of the Employee.

## 12. CESSATION OF EMPLOYMENT

12.1 In the event of an Optionee ceases to be in the service of the Company, except due to death, or Permanent Incapacity, the Optionee shall be dealt with as under:


In a case where the employment of an Optionee is terminated due to Cause (defined herein), all Options which are Vested or Unvested, on the date of termination shall stand cancelled forthwith and that Optionee shall not be permitted to Exercise any right to apply for Shares in respect of Options granted to him.

For the purposes of this sub-article, date of the cessation of employment of an Optionee shall mean the date of termination of the employment specified by the Employer in the letter of termination issued to that Optionee.

“Cause” shall mean, as determined by the NRC / Compensation Committee,

- (i) The continued failure of the Optionee to substantially perform his duties to the Company (other than any such failure resulting from retirement, death or disability as provided below); or
- (ii) The engaging by the Optionee in willful, reckless or grossly negligent misconduct which is determined by the ESOP Committee to be detrimental to the interest of the Company or any of its affiliates, monetarily or otherwise; or
- (iii) Fraud, misfeasance, breach of trust or wrongful disclosure by the Optionee of any secret or confidential information about the Company; or
- (iv) The Optionee is found to be of or becomes unsound mind; or

For G.N. RATH SECURITIES LIMITED

  
G. Sabitha Reddy  
Company Secretary  
M.No.38471

- (v) The Optionee commits an act of insolvency; or
- (vi) The Optionee is convicted by court of any offence; or
- (vii) The Optionee found to be involved in any activity of morale turpitude.

12.2 In case of resignation by an Optionee, all Options which are Vested Options on the date of resignation shall be Exercised by the Optionee before the expiry of 30 (thirty) days from the date of tendering resignation or the generally prescribed Exercise Period for such Options, whichever is earlier, failing which all the Options that yet to be Exercised shall lapse irrevocably and the rights there under shall be extinguished. All Unvested Options, on the date of submission of resignation shall expire and stand, terminated with effect from that date.

Provided further that Nomination & Remuneration Committee, shall have full power and authority to relax any of the conditions and provisions of clause 10, in case of an Optionee who resigns from service of the Employer to join its Subsidiary or of its Holding Company or associate company(if any). For the purpose of this sub-article, 'Associate Company' shall mean any company in which not less than 25% of the equity share capital is held by the Company singly or together with its holding or subsidiary.

12.3 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 Optionee immediately, but in no event later than six months from the date of such Optionees retirement, and
- (ii) all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the NRC / Compensation Committee whose determination will be final and binding.

However, in case of retirement by an employee after the end of 5<sup>th</sup> year from the date of grant, all options (all tranches) will vest immediately on such retirement and will be available for exercise not later than six months of such Optionee's retirement.


12.4 In the event of cessation of employment by death or Permanent Incapacitation of an Optionee whilst in employment, all Options granted to such Optionee till the date of death or Permanent Incapacitation, shall vests in him / legal heir, as applicable, on that day. In case of the death or Permanent Incapacitation of any Optionee, all Options which are Vested Options on the date of death or permanent incapacitation shall be Exercised by the nominee /beneficiary, or the legal heir or such Optionee or his legal guardian as the case may be, before the expiry of one year from the date of the death or Permanent Incapacitation of such Optionee or the generally prescribed Exercise Period for such Options, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished. However, the Unvested Options can be Exercised only after one year from the date of Grant.

### 13. TERMS AND CONDITIONS OF SHARES

13.1 All Shares acquired under the Scheme will rank *paripassu* with all other Shares of the Company for the time being in force, save as regards any right attached to any such Shares by reference to a record date prior to the date of Allotment.

13.2 Neither an Optionee, nor his successor in interest, shall have any of the rights of a shareholder of the Company with respect to the Shares for which the Option is exercised until such shares are allotted by the Company.

For B.N. RATHI SECURITIES LIMITED

  
G. Sabitha Reddy  
Company Secretary  
M.No.38471



## 14. CHANGE IN CAPITAL STRUCTURE OR CORPORATE ACTION

14.1 Except as hereinafter provided, a Grant made shall be subject to adjustment, by the ESOP Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Change in Capital Structure' or a 'Corporate Action' as defined herein.

14.2 The Shares in respect of which the Options are granted, are Shares as presently constituted. But if and when, prior to the expiry of the Exercise Period there is a 'Change in the Capital Structure' of the Company, the number of Resultant Shares with respect to which the Options may thereafter be Exercised shall, in the event of:

- (i) An increase in the number of Resultant Shares, be proportionately increased, and the Exercise Price, be proportionately reduced; or
- (ii) A reduction in the number of Resultant Shares, be proportionately reduced, and the Exercise Price be proportionately increased.

Provide further that in case the provisions of applicable law restrict / prohibit the issue of shares at a discount to its par value or any other value, the Exercise Price shall not be less than such amount as prescribed under such law.

14.3 In the event of 'Corporate Action', the NRC/ Compensation Committee at least seven days prior to any 'Corporate Action' or sixty days thereafter, acting in its absolute discretion with or without the consent or approval of the Eligible Employee, as it may deem fit, shall in respect of the outstanding Options act on any of the following alternatives :-

- (i) Provide that on any Exercise of Options hereafter, the Optionee shall be entitled to the Shares and / or Resultant shares as if the Optionee had been a holder of the Shares on the date of the Corporate Action.
- (ii) make such adjustments to the Options outstanding to reflect the 'Corporate Action' as may be necessary, such that the adjustments are not prejudicial to the interest of the Employees;
- (iii) Substitute the Options granted, by fresh Options whether in the Company or another company, which have substantially the same terms as the Options granted under this Plan.
- (iv) Accelerate the Vesting and / or the Exercise of the Options so that the Options are to be compulsorily exercised before the date specified by the ESOP Committee failing which they shall lapse.
- (v) Require the mandatory surrender to the Company, by all or some of the Optionees, of all or some of the outstanding Options, irrespective of whether the Options, have Vested or not, as on that date. In such an event the ESOP Committee shall pay to such Eligible Employee an amount, in cash or otherwise, per New Stock Option, as the case may be, of the "Surrender Value" after deducting the balance Exercise Price payable, if any.

Provided, however, unless specifically agreed otherwise upon by the Board, all Unvested Options on the date of any Corporate Action as envisaged above, shall lapse and the Optionee shall not be entitled to any compensation of any nature whatsoever.

14.4 In the event the Company comes out with a rights issue and / or announces bonus shares, NRC / Compensation Committee shall have the right to cancel all or part of the outstanding Grants whether Vested or Unvested and / or make fresh grants on terms not prejudicial to the employees including allowing the employees to accelerate the Vesting to enable them to Exercise the Options such that the Eligible Employees can participate in the rights and / or bonus issue in the same manner as the other eligible shareholders.

For B.N. RATHI SECURITIES LIMITED

  
G. Sabina Reddy  
Company Secretary  
M.No.36471



## 15. AMENDMENT OR TERMINATION OF THE PLAN

- 15.1 The Board of Directors in its absolute discretion may from time to time amend, alter or terminate the Plan or any Grant or the terms and conditions thereof, provided that no amendment, alteration or termination in any Grant previously made may be carried out, which would impair or prejudice the rights of the Optionee without the consent of the Optionees.

Provided further that the Board will not, without the approval of the shareholders by a special resolution, amend the Scheme to increase the aggregate number of Shares, which may be issued pursuant to the provisions of the Plan on Exercise or surrender of Options.

- 15.2 Without prejudice to the above, the Board of Directors, may, amend the Scheme to comply with any law, regulation or guideline, which is or may hereinafter, become applicable to this Scheme without seeking shareholders' approval by special resolution.

## 16. OTHERS

### 16.1.1 No Right to any Option:

Neither the adoption of the Plan nor any action of the Board of Directors or NRC / Compensation Committee shall be deemed to give an employee any right to be granted any Option or to acquire Shares or to any other rights, nor shall it create any right in any employee to claim any New Stock Option as a matter of right.

### 16.1.2 No Employment Rights Conferred:

Nothing contained herein or in any Option granted to an Eligible Employee shall:

- (i) give or confer upon such Eligible Employee any right for continuation of any employment with his Employer; or
- (ii) Interfere in any way with the right of the Employer to terminate the employment of such Eligible Employee at any time and for any reason whatsoever.

## 17. SURRENDER OF OPTIONS:

An employee may surrender his vested / unvested options at any time during his employment with the company.

Any employee willing to surrender his options shall communicate the same to the company. Thereafter the surrendered options shall expire with effect from the date of surrender of options and become available for future grant under the Scheme (unless the Scheme has been terminated)

## 18. TAX DEDUCTION AT SOURCE AND TAX RECOVERY:

The Company shall have the right to deduct all taxes payable either by the Eligible Employee / Optionee, in connection with all Grants / Options / Shares under this Scheme, by way of deduction at source from salary and in addition to require any payments necessary to enable it to satisfy such obligations.

All tax / duty / cess liabilities arising on disposal of the Shares after Exercise would require to be handled by the Optionee alone and the Optionees are advised to consult their respective tax advisors in this respect.

For B.N. RATHI SECURITIES LIMITED

G. Sapitha Reddy  
Company Secretary  
M.No.38471

## 19. NO RESTRICTION OF CORPORATE ACTIONS

The existence of the Scheme and the Grants made hereunder shall not in any way effect the right or the power of the Board of Directors or the shareholders or the Company to make or authorise any 'Change in Capital Structure; including any issue of shares, debt or other Securities having any priority or preference with respect to the Shares or the rights thereof.

Nothing contained in the Scheme shall be construed to prevent the Company from taking any Corporate Action which it deems appropriate or in its best interest, whether or not such action would have an adverse effect on the Scheme or any Grant made under the Scheme.

## 20. CONFIDENTIALITY

The Optionee shall ensure complete confidentiality in respect of all documents, matters and discussions in relation to the Scheme. Any violation may result in cancellation of the offer without prejudice to the other action, which may be taken in this regard.

## 21. INSIDER TRADING

The Optionee shall ensure that there is no violation of applicable regulations for the prevention of "insider trading" in Shares and Securities and for prevention of fraudulent and / or unfair trade practices relating to the Securities market.

The ESOP Committee shall be entitled to frame such rules, regulations as may be necessary to ensure that there is no violation of the above referred regulations and / or practices.

The Optionee shall indemnify and keep indemnified the Company / Board / Committee in respect of any liability arising as a result or consequence of the violation of the above provisions by the Eligible Employee.

## 22. NEW PLANS

Nothing contained in the Plan shall be construed to prevent the Company directly or through any Trust settled by the Company, from implementing any other new scheme for granting stock options and /or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Plan or any Grant made under the Scheme. No Eligible Employee or other person shall have any claim against the Company as a result of such action.

## 23. RESTRICTION ON TRANSFER OF OPTIONS:

An Option shall not be transferable and shall be exercisable during the Exercise Period only by such Optionee or in case of death, by the legal heirs of the deceased Optionee. An Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

For B.N. RATHI SECURITIES LIMITED

G. Sabitha Reddy  
Company Secretary  
M.No.38471

## 24. PLAN SEVERABLE

This Scheme constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.

In the event that any term, condition or provision of this Scheme being held to be a violation of any applicable law, statute or regulation the same shall be severable from the rest of this Scheme and shall be of no force and effect and this Scheme shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Scheme.

## 25. DIVIDEND

An Optionee shall be entitled to receive any dividend declared by the Company in respect of the Shares issued pursuant to the Options granted to him, provided that the Optionee has exercised the Options and has become a registered shareholder of the Company.

## 26. NOTICES

Any notice required to be given by an Optionee to the Company or any correspondence to be made between an Optionee and the Company may be given or made to the Company at the registered office or the Company in writing may notify corporate Office of the Company.

## 27. ARBITRATION

All disputes arising out of or in connection with the Plan or the Grant shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 and shall include any statutory modifications, re-enactment or amendments thereof. The place of arbitration shall be Hyderabad, India.

## 28. GOVERNING LAW

This Scheme and all agreements there under shall be governed by and construed in accordance with the applicable laws in India.

For B.N. RATHI SECURITIES LIMITED  
  
G. Sabinha Reddy  
Company Secretary  
M.No.38471



## **DISCLOSURE DOCUMENT**

**This disclosure is made pursuant to regulation 16 (2) Securities And Exchange Board Of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021**

### **A: Statement of Risks**

All investments in shares, options are subject to risk as the value of shares may go down or go up. In addition, the options are subject to the following additional risks:

1. **Concentration:** The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.
2. **Leverage:** Any change in the value of the share can lead to a significantly larger change in the value of the options.
3. **Illiquidity:** The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
4. **Vesting:** The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employee is terminated for gross misconduct.

### **B: Information about the company**

- 1 **Business of the company:** The company is engaged in stock broking services.
- 2 **Abridged financial information:** The audited balance sheets for the last five financial years are available on the website of the company.
- 3 **Risk Factors:** Sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.
- 4 **Continuing disclosure requirement:** The option will be provided copies of all documents that are sent to the members of the company. This shall include the annual accounts of the company as well as notices of meetings and the accompanying explanatory statements.

### **C: Salient Features of the Scheme**

The scheme contains all conditions regarding vesting, exercise, adjustment for corporate actions, and forfeiture of vested options.

For B.N. RATHI SECURITIES LIMITED  
  
G. Sabina Reddy  
Company Secretary  
M.No.38471

