



**HIND RECTIFIERS LIMITED**  
**HIRECT Employees Stock Option Plan -2018**  
**(ESOP2018)**

**CERTIFIED TRUE COPY**  
**For HIND RECTIFIERS LTD.**  
*Meenakshi Ancharia*  
**(MEENAKSHI ANCHLIA)**  
**COMPANY SECRETARY**

## PART A: STATEMENT OF RISKS

An investment in Equity Shares / Options is subject to risk as the value of Equity Shares may go down or go up. You should carefully consider all the information in this Plan, including the risks and uncertainties described below, before making an investment in the Equity Shares. If profitability and financial condition of the Company gets affected, the price of our Equity Shares / Options could decline and you may lose all or part of your investment in the Equity Shares / Options. Unless specified or quantified in the Plan, we are not in a position to quantify the financial or other implication of any of the risks.

In addition, 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.

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

## PART B: INFORMATION ABOUT THE COMPANY

### 1. Business Profile of the Company

Hind Rectifiers Ltd. was incorporated on 25<sup>th</sup> April, 1958. Its CIN is L28900MH1958PLC011077 and is presently having its registered office at Lake Road, Bhandup (W), Mumbai, Maharashtra, 400078.

**Main Objects of the Company are as follows:**

- i. To take over the business of manufacture and assembling rectifier elements and rectifier apparatus from Messrs. Kayaku Industries Limited, Bombay.
- ii. To undertake the manufacture, processing and sale of any type of electrical apparatus, device, machinery, equipment, and goods.
- iii. To carry on business as electrical engineers, iron founders, mechanical, engineers, tool makers, brass founders, metal workers, machinists, iron and steel converters and processors, gas makers, carriers, smiths, wood makers, builders, painters, metallurgists and water-supply engineers, and 'manufactures of electrical instruments, apparatus, equipment's tools, motors, generators, welders, electroplating apparatus and other machinery; and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, equipment, apparatus, tools, hardware and stores of all kind.
- iv. To manufacture, buy, sell exchange, alter, improve, manipulate, prepare for market and otherwise deal in all kinds of plant, machinery, apparatus, tools, utensils, substances, stores, hardware materials and things necessary or convenient for carrying on Any of the above-specified businesses or processes.
- v. To apply for purchase or otherwise acquire any patents of privileges on inventions, licenses, concessions and like, conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licensees in respect of or otherwise turn the account the property, rights or information so acquired.

### 2. Abridged Financial Information

The financial information of the Company including Balance Sheet, Profit and Loss Statement, Cash Flow Statement and Auditors report for the last 5 (Five) years is available at <http://www.hirect.com/annual-report.html> on the website of the Company.

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

### 3. Risk Factors for the Company

The Company's business is subject to various certain generic risks and industry specific risks including those specified below:

#### 1. BUSINESS RISK:

**a. Significant portion of our revenue from the sales to the Indian Railways**

A significant portion of our revenue is derived from sales effected to the Indian Railways. In the event of reduction in the volume of business from railways, our business, financial condition, results of operations and prospects maybe adversely affected.

**b. We face competition that may increase margin pressure and reduce our market share and profits**

We operate in a competitive environment where we face competition from local as well as multinational corporations. Indian railways and other government bodies follow competitive bidding for awarding supply contract to various supplies. Further in terms of the prevailing procurement policies of Indian Railway, certain portion of these contract are awarded to the lowest bidder. Some of our competitors which operate on a smaller base (and are therefore also able to operate on lower overheads) and also the new entrants in the market may be able to reduce their margin in order to achieve a higher market share and provide a lower bid for securing the contract. Our competitors may also respond and adapt to competitively faster technological changes in the industries that we operate in. This may adversely affect our business results of operation and financial condition.

**c. Changes in technology may render existing technologies obsolete and our inability to identify evolving industry trends and customer preferences and make capital investments in new technology may adversely affect our business, financial condition, results of operations or prospects.**

Changes in technology may render some of our products obsolete or less attractive. Our ability to anticipate changes in technology regulatory standards and to successfully introduce new and enhanced products in a timely manner is a significant factor in our ability to remain competitive. We cannot assure you that we will be able to secure the necessary technological knowledge or capability, through technical assistance agreements or otherwise, which will allow us to develop products in a manner that meets the demands of our customers, or that we will be able to expand capacity and install and commission new equipment required

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*

(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

to manufacture new products. If we are unable to obtain access to technology in a timely manner or at all, we may be unable to effectively implement our strategies, and our business, results of operations and prospects may be adversely affected.

- d. **Our business depends on the award of contracts and renewals and extensions of existing contracts. In case we are not awarded contracts or our existing contracts are not renewed due to our inability to provide services within the stipulated time frame in terms of the existing contracts, it may have a material adverse effect on our business, financial condition and results of operations.**

A significant portion of our sales are derived directly or indirectly from contracts that are subject to either a tender or selection process. We are not able to predict whether we will be awarded such contracts and, even if awarded such contracts, whether they will proceed as originally planned. The tender or selection process is affected by a number of factors outside our control, such as market conditions and corporate approvals required of the customers.

In preparation for a tender, we assess our current capacity in terms of staffing, equipment and the availability of third parties, such as subcontractors and suppliers, and, if awarded the contract, we determine how to deploy the resources in order to fulfill the contract. If our assessment of the resources required to fulfill a contract is incorrect, or if we are not selected or if the contracts, we enter into are delayed and we are unable to perform a contract within the stipulated timeframe, our work flow may be interrupted and the viability of the project may be impacted, which could have a material adverse effect on our business, financial condition and results of operations.

- e. **We depend on the expertise of our senior management and skilled employees; our results of operations may be adversely affected by the loss of service of our senior management and experienced employees.**

Our business is dependent upon the core management team which includes our Promoters, Directors, Senior Management Personnel and other Key Managerial Personnel. Our management team oversees the day-to-day operations, strategy and growth of our business along with our key personnel. We cannot assure you that we will be able to retain the core management team or find adequate replacement in a timely manner. The loss of the service of such persons may have an adverse effect on our business and our results of operation.

**CERTIFIED TRUE COPY**

**For HIND RECTIFIERS LTD.**

*Meenakshi Anchlia*  
**(MEENAKSHI ANCHLIA)**  
**COMPANY SECRETARY**

**2. Industry Specific Risks:**

Change in government regulations or their implementation could disrupt the operations and adversely affect the business and results of the Company, due to which company may incur increased cost and penalties.

**3. Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects:**

We are incorporated in India and most of our operations, assets and personnel are located in India. Consequently, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

**4. Risk arising from changes in interest rates and banking policies:**

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements. We are dependent on various banks for arranging of our working capital requirement etc. Accordingly, any change in the existing banking policies or increase in interest rates may have an adverse impact on profitability of our company.

The above risks and uncertainties include but are not limited to risks and uncertainties relating to dependencies on Railways the main customer and suppliers, changes in the regulatory framework, adverse development in the any of the customer industries to whom substantial part of the product is given, downgrading of credit worthiness, political instability, legal restrictions and general economic conditions affecting the industry. Government Policies to a large extent will influence the growth of the Company. Slow cash flow causes pressure the working capital and may also impact the profitability of the business. High working capital would ultimately lead to higher interest cost.

**4. Continuing Disclosure Requirement:**

The Grantee would be entitled to receive 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 the meetings and the accompanying explanatory statements.

**CERTIFIED TRUE COPY**

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

## HIND RECTIFIERS LIMITED

### HIRECT Employees Stock Option Plan -2018

#### (ESOP 2018)

#### 1. Name, Objective and Term of the ESOP 2018

- 1.1. This plan shall be called as "HIRECT Employees Stock Option Plan-2018" or "ESOP 2018".
- 1.2. The objective of this plan is to reward the employees including directors of the company for their continuous hard work, dedication and support, which has led the company on the growth path. The Company intends to implement the HIRECT Employees Stock Option Plan-2018, with a view to attract and retain key talents working with the Company by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The company views this plan as an instrument that would enable sharing the values with the employees, they create for the company in the years to come.
- 1.3. ESOP 2018 is established with effect from 13<sup>th</sup> August, 2018, on which the shareholders have approved the Plan by way of a special resolution and shall continue to be in force until its termination by the company as per provisions of applicable laws or the date on which all the options available for issuance under the Plan have been issued and exercised, whichever is earlier.
- 1.4. The Board of Directors or the Committee of Board as authorized may subject to compliance with applicable laws, at any time alter, amend, suspend or terminate the ESOP 2018.

#### 2. Definitions

- 2.1. **Applicable Law** means every law relating to Employee Benefit Schemes in force, including, without limitation to, Companies Act, 2013, SEBI (SBEB) Regulations, as amended, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable. The applicable law includes any provision of the applicable law, rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant applicable law.
- 2.2. **Associate Company** shall have the same meaning as defined in section 2(6) of the Companies Act. 2013, as amended from time to time.
- 2.3. **Board** means the Board of Directors of the Company.

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anand*  
(MEENAKSHI ANAND)  
COMPANY SECRETARY

- 2.4. **Body Corporate** shall have the same meaning as defined in section 2(11) of the Companies Act, 2013, as amended from time to time.
- 2.5. **Committee** means Nomination and Remuneration Committee of the Company constituted by the Board of Directors and is designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Plan in compliance with SEBI (SBEB) Regulations.
- 2.6. **Companies Act** means the Companies Act, 2013 along with the rules there to and includes any statutory modifications or re-enactment thereof.
- 2.7. **Company** means Hind Rectifiers Limited, a company incorporated under the Companies Act, 1956 having its Registered Office at Lake Road, Bhandup West, Mumbai 400078 Maharashtra.
- 2.8. **Corporate action** means a change in the capital structure of the Company as a result of Bonus Issue, Rights Issue, Split of Shares and Consolidation of Shares.
- 2.9. **Directors** means a Director appointed to the Board of Directors of the Company.
- 2.10. **Employee** means:
- i. a permanent employee of the company who has been working in India or outside India, if any; or
  - ii. a director of the company, whether a whole-time director or not but excluding an independent director; or
- but does not include**
- iii. an employee who is a promoter or a person belonging to the promoter group; or
  - iv. a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company or to subscribe to such number of equity shares and/or equity linked instruments which would give rise to issue of equity shares
- 2.11. **Eligibility Criteria** means the criteria as may be determined from time to time by the Committee for granting or vesting of options to the employees.
- 2.12. **Employee Stock Option Plan** means a plan under which company grants Employee Stock Option.
- 2.13. **Exercise** means making of an application by an employee to the company for issue of shares against vested options.
- 2.14. **Exercise Period** means the time period after vesting within which the eligible employee should exercise his right to apply for ESOP shares against options vested in him/her in pursuance of the Plan.

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*

(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY



- 2.15. **Exercise Price** means the price payable by the eligible employee for the purpose of exercising the option granted to him/her in pursuance of the Plan.
- 2.16. **Grant** means the issue of options to eligible employees under the Plan.
- 2.17. **Grant Date** means the date on which the Options are granted to an Employee.
- 2.18. **Grantee** shall mean Employee to whom Options have been granted under the Plan.
- 2.19. **Independent Director** shall have the same meaning as defined in regulation 16 of SEBI (LODR) Regulations and section 2(47) of the Companies Act. 2013, as amended from time to time.
- 2.20. **Letter of Grant** is the letter to be issued by the company intimating eligible employees about options granted.
- 2.21. **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.  
Explanation - If the Shares of the Company got 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.
- 2.22. **Misconduct** means disregard of the company's bye-law, rules, regulations and the company policies/terms of employment and includes mismanagement of position by action or inaction, alleged wrongdoing, misfeasance, or violation of any rule, regulation or law which was expected to be abided by the employee.
- 2.23. **Options or Employee Stock Option** means the option given to an employee which gives the employee a right, but not an obligation, to purchase or subscribe at a future date, the shares offered by the company, directly or indirectly, at a pre-determined price.
- 2.24. **Option Grantee** means an employee who has been granted an Employee Stock Option in pursuance of the ESOP 2018.
- 2.25. **Permanent Disability** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Board of Directors based on a certificate of a medical expert identified by the Company
- 2.26. **Promoter** shall have the same meaning as defined in regulation 2 of SEBI (SBEB) Regulations, as amended from time to time.
- 2.27. **Promoter Group** shall have the same meaning as defined in regulation 2 of SEBI (SBEB) Regulations, as amended from time to time.
- 2.28. **Relative** shall have the same meaning as defined in section 2(77) of the Companies Act. 2013, as amended from time to time.

CERTIFIED TRUE COPY  
For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

- 2.29. **Relevant date** means the date of the meeting of the Committee on which the grant is made.
- 2.30. **Retirement** means retirement as per the rules of the company.
- 2.31. **SEBI (SBEB) Regulations** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 2.32. **SEBI (LODR) Regulations** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 2.33. **Shares** mean Equity Shares of the Company.
- 2.34. **Subsidiary** shall have the same meaning as defined in regulation 2 of SEBI (LODR) Regulations and section 2(87) of the Companies Act, 2013, as amended from time to time.
- 2.35. **Unvested Option** means an Option, which is not vested.
- 2.36. **Vesting** means the process by which the right to apply for shares accrues to eligible employees against the options granted to them.
- 2.37. **Vesting Period** means the period during which the vesting takes place.
- 2.38. **Vesting Date** means the date on and from which the Option vests with the Grantees and there by becomes exercisable.
- 2.39. **Vesting period** means the period during which the vesting takes place.

All other expressions not defined in this plan shall have the same meaning as have been assigned to them under the SEBI (Share Based Employee Benefits) Regulations, 2014, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, SEBI (Disclosure and Investors Protection) Guidelines, 2000, the Companies Act, 2013 and all statutory modifications or re-enactments thereof, as the case may be.

**Interpretation:**

**In this document, unless the contrary intention appears:**

- a) The singular includes the plural and vice versa;
- b) The word "person" includes an Individual, a Firm, a Body Corporate or Unincorporated Body or Authority; and
- c) Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.
- d) Any word which is not defined under the Plan shall be interpreted in line with SEBI SBEB Regulations.

**CERTIFIED TRUE COPY**

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

- e) Articles headings are for information only and shall not affect the construction of this document.
- f) A reference to an article is respectively a reference to an article of this document.
- g) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

### 3. Implementation & Administration:

- 3.1. The Company proposes to implement the Plan through Direct Route wherein the Company shall make fresh allotment of shares to the employee pursuant to exercise of the Options.
- 3.2. Subject to applicable laws and the framework laid down by the Board of Directors, the Plan shall be administered by the Committee which shall delegate some or all of its power to any other Committee or Persons for proper administration of the Plan.
- 3.3. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rule(s) and regulation(s) relating to the Plan and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Plan.
- 3.4. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 3.5. The Committee shall subject to applicable laws, inter alia, have powers to do following:
  - i. meet at such time and place as may be necessary and convenient for the purpose of taking decisions to administer the plan effectively and delegate its duties and powers in whole or in part as it may decide from time to time to any person or Committee;
  - ii. decide the quantum of stock options to be granted to each Grantee and in aggregate subject to the pool of Options of the Plan;
  - iii. decide the eligibility criteria for grant of options to the employees and identify the Employees eligible to participate in the Plan;
  - iv. determine the Employees eligible for grant of Options and decide upon granting of Options to new Joinees;
  - v. determine the grant date and make grant of Options to one or more eligible Employees;
  - vi. extend the period of acceptance of grant;

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

- vii. decide the vesting period subject to minimum and maximum period of vesting as stated in Plan and determine the vesting schedule for each Grantee;
- viii. finalize the eligibility criteria for vesting of Options and determine from time-to-time Options Vested with the employees;
- ix. decide the exercise price and the exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
- x. decide upon the mode & manner of exercise and provide such exercise windows as may be necessary from time to time to allow the exercise of the Options during the exercise period;
- xi. decide upon treatment of vested and unvested Options in cases of cessation of employment as specified in the Plan and exercise thereof;
- xii. decide the right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period; and
- xiii. To decide upon cancellation of the Options which were lapsed, forfeited or surrendered under any provisions of the Plan and withholding them from being re-grant;
- xiv. consider and decide the procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues and others. In this regard following shall be taken into consideration by the Committee: -
  - i) The number and the price of options shall be adjusted in a manner such that total value of the options remains the same after the corporate action.
  - ii) The vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
- xv. increase or decrease the pool of Options to be granted and the pool of Shares to be issued under Plan;
- xvi. re-price the Options which are not exercised, whether or not they have been vested, if the Options rendered unattractive due to fall in the price of the Shares in the market;
- xvii. The procedure and terms for the grant, vesting and exercise of stock option in case of employees who are on long leave.
- xviii. accelerate the vesting of Options on a case-to-case basis, subject to completion of minimum 1 year from the date of grant;
- xix. decide upon treatment of vested and unvested Options in cases of dispute between the Grantee and Company;
- xx. The procedure for cashless exercise of options, if required;

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Ancharia*

(MEENAKSHI ANCHARIA)  
COMPANY SECRETARY

- xxi. To determine or impose other conditions to the Grant of Options under the Plan, as it may deem appropriate;
- xxii. cancel all or any granted Options in accordance with the Plan;
- xxiii. To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Plan;
- xxiv. To terminate the Plan;
- xxv. To appoint such agents as it shall deem necessary for the proper administration of the Plan;
- xxvi. finalize letters and other documents, if any, required to be issued under the Plan;
- xxvii. To frame suitable policies and procedure to ensure that there is no violation of Securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the employees.

3.6. The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case, the said powers shall be exercised accordingly.

3.7. A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any Options to himself.

#### 4. Pool of the Plan

- 4.1. Such number of options would be available for grant to the eligible employees of the Company under ESOP 2018, in one or more tranches, exercisable into not more than 2,50,000 (Two Lacs Fifty Thousand) Options, each Option giving the right but not the obligation to the holder to subscribe for cash to one fully paid-up Equity Share in the Company, of face value of Rs. 2/- each fully paid-up.
- 4.2. If Vested options lapsed due to non-exercise and/or unvested options that get cancelled due to resignation/termination of the employees or otherwise, would be available for being re-granted at a future date. The Board is authorized to re-grant such lapsed/cancelled options as per the provisions of the Plan, within overall ceiling.
- 4.3. If any Option granted under the Plan lapses due non-vesting or non-exercise or is forfeited or surrendered under any provision of the Plan, such Option shall be

CERTIFIED TRUE COPY  
For HIND RECTIFIERS LTD.  
*Meenakshi Anshu*  
(MEENAKSHI ANSHU)  
COMPANY SECRETARY

available for further grant under the Plan unless otherwise determined by the Committee.

4.4. Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of Corporate Action.

4.5. The Company reserves the right to increase or decrease such number of Options and Shares as it deems fit, in accordance with the applicable laws.

## 5. Eligibility Criteria:

5.1. The Committee may on the basis of all or any of the following criteria, decide on the Employees / Grantees who are eligible for the grant / vesting of Options under the Plan and the terms and conditions thereof:

- Loyalty: It will be determined on the basis of tenure of employment of an Employee in the Company,
- Performance: Employee's and / or Company's performance during the financial year on the basis of the parameters recommended by the management,
- Designation: Employee's designation in the company,
- The present and potential contribution of the Employee to the success of the Company,
- Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.

5.2. The Employees/Grantees satisfying the eligibility criteria shall be termed as eligible Employee/Grantee.

5.3. New Joinees can also participate in the Plan and be granted Options based upon the discretion of the Committee and in accordance with the applicable laws & regulations.

5.4. Nothing in the Plan or in any Option granted pursuant to the Plan shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time.

## 6. Grant of Options:

6.1. The Committee shall grant Options to one or more eligible Employees, in accordance with the terms and conditions of the Plan for the time being in force

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

- and subject to Employee's employment terms or his continuity in the employment, and other parameters as set out by the Committee, if any.
- 6.2. The maximum quantum of benefit that will be provided to every eligible Employee under ESOP 2018 will be the difference between the Market value of Company's Share on the Stock Exchange as on the date of exercise of options and the Exercise Price paid by the employee to the Company.
  - 6.3. The grant of Options shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of Options granted, Exercise Price, vesting schedule, and the other terms and conditions thereof.
  - 6.4. No amount shall be payable by an Employee at the time of grant of Options.
  - 6.5. Upon grant, an eligible Employee shall become Grantee under the Plan.
  - 6.6. Unless agreed otherwise between the Company and any Employee and subject to the Corporate Action(s) taken by the Company, if any, the grant of 1 (One) Option to an Employee under this Plan shall entitle the holder of the Option to apply for 1 (One) Equity Share in the Company upon payment of Exercise Price.
  - 6.7. The Options granted shall not be transferable to any other person.
  - 6.8. The options granted to the eligible employees are not transferable except in the event of death of the option grantee. If the option granted is pledged, hypothecated, mortgaged or otherwise alienated in any other manner, no shares shall be allotted against such option.
  - 6.9. As a condition to the receipt of benefits hereunder, each Grantee may be required to execute related agreements, in a form satisfactory to the Committee, which may include but are not limited to, a non-competition, confidentiality, non-solicitation, non-interference, adherence to code of conduct or non-disclosure agreement with the Company as well as tax indemnification agreements in connection with the Grant of the Options.

## 7. Method of Acceptance:

- 7.1. Any Grantee who wishes to accept the Grant made pursuant to the Plan, must deliver a signed copy of grant letter to the Committee or any of its authorized representatives within 30 days from the date of receipt of the grant letter. The Committee may extend the said period of 30 days for such duration as it may deem fit for the benefits of the Grantees.
- 7.2. Any Grantee who fails to return the signed copy of grant letter and/or fails to provide his acceptance within the above-mentioned time period shall, unless the Committee determines otherwise, be deemed to have rejected the grant and the Company is not liable to pay any such amount on such rejection.

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.

*Meenakshi Anand*  
(MEENAKSHI ANAND)  
CORPORATE SECRETARY

- 7.3. The Grantee is not required to pay any amount at the time of acceptance of the offer. Any Acceptance letter received after the period stated above shall not be valid.
- 7.4. Subject to the terms contained herein, the acceptance in accordance with this article, of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an Unvested Option.

## 8. Vesting of Options

- 8.1. The options granted shall vest based upon the performance of the Employee, as may be determined by the Committee from time to time but shall not be less than 1 (one) year and not more than 4 (four) years from the date of grant of options. Vesting may happen in one or more tranches.
- 8.2. Vesting of Options will be on yearly basis and can vary from Grantee to Grantee as per the discretion of the Committee whose decision shall be final and binding.
- 8.3. The vesting schedule will be clearly defined in their grant letter of respective Grantees subject to minimum and maximum vesting period as specified in Article 8.1 above.
- 8.4. As a prerequisite for a valid vesting, an option grantee is required to be in employment or service of the company on the date of vesting and must neither be serving his notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on the such date of vesting. Vesting of options would be subject to continued employment/association with the company unless otherwise is decided by the Committee.
- 8.5. In addition to this, the Committee may also specify certain performance parameters, if applicable, subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document given to the option grantee at the time of grant of options.
- 8.6. The number of options that may be granted to any specific employee of the Company under ESOP 2018, in any financial year and in aggregate under the ESOP 2018 shall be less than 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company.

## 9. Exercise Price

- 9.1. The exercise price shall be based on the market price of the company which shall mean the latest closing price on a recognized stock exchange on which the

**CERTIFIED TRUE COPY**

**For HIND RECTIFIERS LTD.**

*Meenakshi Anchlia*  
**(MEENAKSHI ANCHLIA)**  
**COMPANY SECRETARY**



shares of the company are listed on the date immediately prior to the date of meeting of committee on which grant is to be made.

- 9.2. If the company is listed on more than one Stock Exchange, then the price of the Stock Exchange where there is highest trading volume during the aforesaid period shall be considered.
- 9.3. The Committee has a power to provide suitable discount or charge premium on such price as arrived above. However, in any case the exercise price shall not go below the par face value of equity share of the company.
- 9.4. Further, Committee has the power to re-price the grants in future if the Grant made under the Plan is rendered unattractive due to the fall in the price of Shares, after complying the conditions as mentioned in the SEBI (SBEB) Regulations.
- 9.5. Payment of the exercise price shall be made by a crossed cheque or a demand draft drawn in favor of the company or in such other manner as the Committee may decide from time to time.

## 10. Exercise of Options

- 10.1. The options granted may be exercised by the option grantee within a maximum period of one year from the date of last vesting of options. The Options can be exercised at once or in tranches during the exercise window communicated by the Committee within the said maximum period of exercise.
- 10.2. The mode and manner of the exercise of the options shall be communicated to the employees individually. On exercise of the options, the employee shall forthwith pay to the company the price which includes the grant price and applicable taxes. The options shall lapse if not exercised within the specified exercise period.
- 10.3. The options shall be deemed to have been exercised when an employee makes an application in writing to the company or by any other means as decided by the Committee, for the shares of the company against the options vested in him.
- 10.4. The options not exercised within the exercise period shall lapse and the employee shall have no right over such lapsed or cancelled options.
- 10.5. Pursuant to valid exercise by Grantee, the Company will make fresh allotment of Shares to the Grantees. Upon such transfer the Grantee shall become a registered shareholder of the Company.
- 10.6. Notwithstanding anything contained elsewhere in the Plan, the Company, may not transfer Shares in the event of the Grantee being found to be involved in fraud, misfeasance, gross negligence, breach of trust or like event(s) and in such

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

an event(s) the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.

10.7. If the Vesting or Exercise of Options is prevented by any law or regulation in force and the Company is forbidden to transfer Equity Shares pursuant to exercise of Options under such law or regulation, then in such an event the Company shall not be liable to compensate the Grantee in any manner whatsoever.

10.8. The 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, the Company shall not be liable to compensate the Grantee in any manner.

## 11. Cessation of Employment:

11.1. Subject to the employment terms of a Grantee, the following terms shall be applicable:

### 11.1.1. In the event of cessation of employment due to Death

All Options granted as on date of death would vest in the Legal Heirs / Nominee of the Grantee on that day. The Options would be exercisable by the Legal Heirs / Nominee within a period of 12 months from the date of death or the next exercise window during the exercise period, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

All other terms and conditions of the Plan shall apply to such Options. Provided that, in order to exercise the Options of the deceased Grantee, the Legal Heirs / Nominee have to submit the following documents to the Company, to the satisfaction of the Committee and the Committee may in its discretion waive off the requirement to submit any of the documents:

#### In case nominee is not appointed

- Copy of the Succession Certificate / Probate of Will / Letter of administration.
- No objection certificate from the other legal heirs.
- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self - attested).

**CERTIFIED TRUE COPY**

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

- Copy of address proof (self - attested)

**In case nominee is appointed**

- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self - attested).
- Copy of address proof (self - attested)

**11.1.2. In the event of cessation of employment due to Permanent Disability**

All Options granted to Grantee as on date of Permanent Disability would vest in him/her on that day. The Options would be exercisable within a period of 12 months from the date of Permanent Disability or the next exercise window during the exercise period, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished unless otherwise determined by the Committee.

**11.1.3. In the event of cessation of employment due to Resignation or Termination (not due to misconduct or ethical/ compliance violations)**

All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date.

All vested Options as on that date shall be exercisable by the Grantee within 12 months from cessation of employment in the organisation or the exercise window during exercise period, whichever is earlier. The vested Options not so exercised up to 12 months from cessation shall lapse irrevocably and the rights there under shall be extinguished unless otherwise determined by the Committee.

**11.1.4. In the event of cessation of employment due to Retirement/Superannuation**

All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.

All vested Options as on that date shall be exercisable by the Grantee within 12 months from cessation of employment in the Company or the exercise window during exercise period, whichever is earlier. The vested Options

**CERTIFIED TRUE COPY**  
For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

not so exercised up to 12 months from cessation shall lapse irrevocably and the rights there under shall be extinguished unless otherwise determined by the Committee.

**11.1.5. In the event of cessation of employment due to Termination (*due to misconduct or ethical/ compliance violations*)**

If a Grantee is terminated due to misconduct or ethical/ compliance violations, all Options granted whether vested or not shall stand terminated with immediate effect unless otherwise determined by the Committee, whose determination will be final and binding.

**11.1.6. In the event that a Grantee is transferred or deputed to an Associate Company prior to vesting or exercise of Options, the vesting and exercise of Options, as per the terms of grant, shall continue in case of such transferred or deputed Grantee even after the transfer or deputation.**

**11.1.7. In the event of a Grantee going on Long Leave**

The period of leave shall not be considered in determining the vesting period in the event the employee is on a sabbatical (i.e. leave from the office for more than three months). In all other events including statutory leaves and approved earned & sick leave, the period of leave shall be included to calculate the vesting period unless otherwise determined by the Committee.

**11.1.8. In the event where a Dispute arises between Grantee and the Company, vesting and/or exercise of Options will be put on hold till the date of settlement, to the satisfaction of the Committee.**

11.2. The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 11.1.1 to 11.1.8.

## **12. Lock-In**

12.1. The shares arising out of exercise of vested options would not be subject to any lock-in period after such exercise.

12.2. Provided that the shares allotted on such exercise shall be sold in compliance with terms of code of conduct for Prevention of Insider Trading of the company read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

**CERTIFIED TRUE COPY**

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

### 13. Terms and Conditions of Shares:

- 13.1. The employee shall not have a right to receive any dividend or to vote or in any manner or 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 options.
- 13.2. Nothing herein is intended to or shall give the option grantee any right or status of any kind as a shareholder of the company (for example bonus shares, rights shares, dividend, voting, etc.) in respect of any shares covered by the grant unless the option grantee exercises the employee stock options and becomes a registered holder of shares of the company.
- 13.3. 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. However, an adjustment to the number of options or the exercise price or both would be made in accordance with ESOP 2018.
- 13.4. The 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 Option in whole or in part.

### 14. Notices and correspondence:

- 14.1. Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company/ Committee at the corporate office or registered office of the Company or at the place as may be notified by the Company/ Committee in writing or at the specific designated email id of the Company.
- 14.2. Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and a Grantee shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the Grantee while accepting the Options granted to him/her or at the official email Id of the Grantee.

### 15. Nomination of Beneficiary:

- 15.1. Each Grantee under the Plan may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Plan is to be delivered in case of his or her death before he receives all of such benefit. Each such nomination

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

shall revoke all prior nominations by the same Grantee, shall be in a form prescribed by the Company and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.

#### **16. Corporate Action:**

- 16.1. Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'Corporate Action' as defined herein.
- 16.2. If there is a 'Corporate Action' of the Company before the Options granted under this Plan are exercised, the Grantee shall be entitled on exercise of the Options, to such number of resultant Shares to which s/he would have been entitled as if all of the then outstanding Options exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a Corporate Action, the Committee, subject to the provisions of applicable laws, shall make fair and reasonable adjustments under the Plan, as it deems fit, with respect to the number of Options, Exercise Price and make any other necessary amendments to the Plan for this purpose. The vesting period and life of the Options shall be left unaltered as far as possible.
- 16.3. In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Plan of such reconstitution / amalgamation / sell-off.
- 16.4. In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the Plan shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.

#### **17. Method of Valuation, Accounting and Disclosure Policies:**

- 17.1. To calculate the employee compensation cost, the Company shall use the Fair Value method for valuation of the options granted.
- 17.2. The Company shall comply with the disclosures requirements of IND - AS and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB) Regulations or as may be prescribed by regulatory authorities from time to time.
- 17.3. Compensation cost will be booked in the books of account of the Company over the vesting period.

**CERTIFIED TRUE COPY**

**For HIND RECTIFIERS LTD.**  
*Meenakshi Anchohia*  
**(MEENAKSHI ANCHOLIA)**  
**COMPANY SECRETARY**

17.4. 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, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share ("EPS") of the company shall also be disclosed in the Directors' report.

#### 18. Taxability on the Grantee:

18.1. The exercisable Options are subject to the applicable provisions of the Income Tax Act, 1961.

18.2. There would be a double point of Taxation on the Employee:

Point 1: At the time of exercise, the difference between the market price of the Shares as on date of exercise and the exercise price will be added as a perquisite under salary in the month of exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

The payment of perquisite tax, in respect of exercise of the Options shall be made by the employee to the Company or the Company shall have the right to recover tax from the Grantee.

Point 2: At the time of sale of the Shares of the company by the Grantee. On selling of the Shares, the concerned employee would be liable to income tax as per the applicable provisions of the laws at the time of sale of the Shares.

18.3. The liability of paying taxes, if any, in respect of options granted pursuant to this plan and the shares issued pursuant to exercise thereof shall be entirely on option grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder.

18.4. The company shall have the right to deduct from the option grantee's salary, any of the option grantee's tax obligations arising in connection with the options upon the exercise thereof. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

18.5. The company shall have no obligations to deliver shares until the company's tax deduction obligations, if any, have been satisfied by the option grantee.

#### 19. Surrender of Options:

19.1. Any Grantee to whom the Options are granted under this Plan, may at any time, surrender his Options to the Company. In such case the Company would not be liable to pay any compensation to the Grantee on account of his surrender of

**CERTIFIED TRUE COPY**

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY

Options. The Options so surrendered will be added back to the pool of the Plan and pursuant to this the Grantee shall cease to have all rights and obligations over such Options.

## 20. Arbitration:

- 20.1. In the event of a dispute arising out of or in relation to the provisions of this Plan (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. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.
- 20.2. In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by Managing Director of the Company. The arbitration proceedings shall be held in Mumbai, Maharashtra under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Mumbai, Maharashtra.

## 21. Governing Law and Jurisdiction:

- 21.1. This Plan and all related documents there under shall be governed by and construed in accordance with the SEBI (SBEB) Regulations and other applicable laws of India.
- 21.2. Any term of the Plan that is contrary to the requirement of the SEBI (SBEB) Regulations or any other applicable laws shall not apply to the extent it is contrary.
- 21.3. The Courts at Mumbai shall have exclusive jurisdiction on any matter arising out of this Plan.
- 21.4. Nothing in this Clause will however limit the right of the Company to bring proceedings against any employee in connection with this ESOP 2018:
- i. in any other court of competent jurisdiction; or
  - ii. Concurrently in more than one jurisdiction.

## 22. Regulatory Approvals:

CERTIFIED TRUE COPY

For HIND RECTIFIERS LTD.  
*Meenakshi Anchlia*  
(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY



22.1. The implementation of the Plan, the Granting of any Options under the Plan and the issuance of any Shares under this Plan shall be subject to the procurement by the Company and the Grantee / Nominee / Legal Heirs of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Plan. The Grantee / Nominee / Legal Heirs under this Plan will, if requested by the Committee / Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

### 23. Modification of Plan:

23.1. The Committee may, from time to time, if it deems necessary, vary the terms of ESOP 2018, subject to the compliance of applicable laws.

23.2. Any amendment, variation or modification under the Plan shall not be prejudicial to the interest of the Grantees of the Company.

### 24. Confidentiality:

24.1. Notwithstanding anything contained in this Plan, the Grantee shall not divulge the details of the Plan and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the applicable laws or any statutes or regulations applicable to such Grantee.

\*\*\*\*\* End of the Plan \*\*\*\*\*

**CERTIFIED TRUE COPY**

For HIND RECTIFIERS LTD.

*Meenakshi Anchlia*

(MEENAKSHI ANCHLIA)  
COMPANY SECRETARY