



Employee Stock Option Scheme 2007

Emkay Global Financial Services Limited
(earstwhile Emkay Share & Stock Brokers Limited)

Emkay Global Financial Services Limited

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1. Name, Objective and Term of the Plan

- 1.1 This Plan shall be called the "ESOP 2007".
- 1.2 The objective of the ESOP 2007 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain talent in the organization. The Company views employee stock options as instruments that would enable the Employees to share the value they create for the Company in the years to come.
- 1.3 The ESOP 2007 is established with effect from 17.01.2008 and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the options available for issuance under the ESOP 2007 have been issued and exercised.
- 1.4 The Board of Directors may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2007.

2. Definitions and Interpretation

2.1 Definitions

- i. "Applicable Law" means every law relating to Employee Stock Options, including, without limitation to, the Companies Act, 1956, Securities Exchange Board of India Act, 1992, the Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 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 are listed or quoted.
- ii. "Board" means the Board of Directors of the Company.
- iii. "Companies Act" means The Companies Act, 1956 and includes any statutory modifications or reenactments thereof.
- iv. "Company" means "Emkay Share & Stock Brokers Limited" now Emkay Global Financial Services Limited.
- v. "Company Policies/Terms of Employment" means the Company's policies for employees and the terms of employment as contained in the Employment

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Letter and the Company Handbook, which includes provisions for securing Confidentiality, Non Compete and non Poaching of other Employees and customers.

- vi. "Nomination, Remuneration and Compensation Committee" means a Committee constituted by the Board of Directors from time to time to administer ESOP 2007.
- vii. "Director" means a member of the Board of the Company.
- viii. "Eligibility Criteria" means the criteria as may be determined from time to time by the Nomination, Remuneration and Compensation Committee for granting the Employee Stock Options to the employees.
- ix. "Employee" means (i) a permanent employee of the Company working in India or out of India; or (ii) a Director of the Company, whether a whole time Director or not; or (iii) an employee, as defined in sub-clauses (i) or (ii) in this Para, of a Subsidiary company, in India or out of India, or of a holding company of the Company, but excludes
 - a. an employee who is a Promoter or belongs to the Promoter Group;
 - b. a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company.

Clause 2.1 (ix) amended vide special resolution passed by the members of the Company through postal ballot process/Evoting on 9th March, 2016 and result declared on 11th March, 2016 and substituted by the following clause.

Employee (s) 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, or of a holding company of the company but does not include—

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- (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;
- x. **"Employee Stock Option" or "Option"** means the option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date the shares underlying the option at a pre-determined price.
- xi. **"Exercise"** of an Option means expression of an intention by an Employee to the Company to purchase the Shares underlying the Options vested in him, in pursuance of the ESOP 2007, in accordance with the procedure laid down by the Company for exercise of options.
- xii. **"Exercise Period"** means such time period after Vesting within which the Employee should exercise the options vested in him in pursuance of the ESOP 2007.
- xiii. **"Exercise Price"** means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP 2007.
- xiv. **"Grant"** means issue of Options to the Employees under the ESOP 2007.
- xv. **"Market Price"** means the latest available closing price, prior to the date of meeting of the Board of Directors in which options are granted/shares are issued, on the stock exchange on which the shares of the company are listed.
- xvi. **"Option Grantee"** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP 2007.
- xvii. **"Parent Company"** means any future holding company of the Company.
- xviii. **"Permanent Disability"** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as

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determined by the Nomination, Remuneration and Compensation Committee based on a certificate of a medical expert identified by the Board.

- xix. **"Promoter"** means (a) the person or persons who are in over-all control of the company; (b) the person or persons who are instrumental in the formation of the company or programme pursuant to which the shares were offered to the public; (c) the person or persons named in the offer document as promoter(s). Provided that a director or officer of the Company, if they are acting as such only in their professional capacity will not be deemed to be a promoter.
- xx. **"Promoter Group"** means (a) an immediate relative of the promoter (i.e. spouse of that person, or any parent, brother, sister or child of the person or of the spouse); (b) persons whose shareholding is aggregated for the purpose of disclosing in the offer document "shareholding of the promoter group".
- xxi. **"Recognised Stock Exchange"** means the BSE, NSE or any other Stock Exchange in India on which the Company's Shares are listed or to be listed.
- xxii. **"Retirement"** means retirement as per the rules of the Company.
- xxiii. **"Scheme / Plan / ESOP 2007"** means this Employee Stock Option Plan 2007 under which the Company is authorised to grant Employee Stock Options to the Employees.
- xxiv. **"SEBI Act"** means the Securities & Exchange Board of India Act, 1992 as amended, and includes all regulations and clarifications issued there under.
- xxv. **"SEBI Guidelines"** means the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and includes all regulations and clarifications issued there under.
- xxvi. **"Shares"** means equity shares of the Company arising out of the exercise of Employee Stock Options granted under the ESOP 2007.
- xxvii. **"Subsidiary company"** means any present or future subsidiary company of the Company, as defined in the Companies Act, 1956.
- xxviii. **"Vesting"** means earning by the Option Grantee, of the right to Exercise the Employee Stock Options granted to him in pursuance of the ESOP 2007.

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- xxix. **"Vesting Condition"** means any condition subject to which the options granted would vest in an Option Grantee.
- xxx. **"Vesting Period"** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of the ESOP 2007 takes place.
- xxxi. **"Vested Option"** means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option.
- xxxii. **"Unvested Option"** means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

2.2 Interpretation

In this Plan, unless the contrary intention appears:

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

3. Authority and Ceiling

- 3.1 The Shareholders in its meeting on 11.01.2008 has resolved to issue to employees under ESOP 2007, Employee Stock Options exercisable into not more than 24, 26,575 equity shares of a face value of Rs.10/- each, with each such option conferring a right upon the employee to apply for one equity share of the Company, in accordance with the terms and conditions of such issue.
- 3.2 If an Employee Stock Option expires or becomes unexercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws.

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- 3.3 Where Shares are issued consequent upon exercise of an Employee Stock Option under the ESOP 2007, the maximum number of Shares that can be issued under ESOP 2007 as referred to in Clause 3.1 above will stand reduced to the extent of such Shares issued.
- 3.4 In case of a share-split where the face value of the shares is reduced below Rs.10/-, the maximum number of shares available for being granted under ESOP 2007 shall stand modified accordingly, so as to ensure that the cumulative face value (No. of shares X Face value per share) prior to such split remains unchanged after the share split. Thus, for instance, if the face value of each share is reduced to Rs. 5, the total number of shares available under ESOP 2007 would be 24,26,575 X 2 equity shares of Rs. 5 each.
4. Administration
- 4.1 The ESOP 2007 shall be administered by the Nomination, Remuneration and Compensation Committee. All questions of interpretation of the ESOP 2007 or any Employee Stock Option shall be determined by the Nomination, Remuneration and Compensation Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2007 or such Employee Stock Option.
- 4.2 The Nomination, Remuneration and Compensation Committee shall in accordance with this Plan and Applicable Laws determine the following:
- (a) The quantum of Employee Stock Options to be granted under the ESOP 2007 per Employee, subject to the ceiling as specified in Para 3.1;
 - (b) The Eligibility Criteria;
 - (c) 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;
 - (d) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Option in case of Employees who are on long leave;
 - (e) The procedure for cashless exercise of Employee Stock Options, if required;
 - (f) Approve forms, writings and/or agreements for use in pursuance of the ESOP 2007.

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5. Eligibility and Applicability

- 5.1 Only Employees are eligible for being granted Employee Stock Options under ESOP 2007. The specific employees to whom the options would be granted and their eligibility criteria would be determined by the Nomination, Remuneration and Compensation Committee.
- 5.2 The Scheme shall be applicable to the Company, its Subsidiary companies in India and abroad, its holding Company and any successor company thereof and may be granted to the Employees and Directors of the Company, its subsidiaries and its holding company, as determined by the Nomination, Remuneration and Compensation Committee on its own discretion.

6. Vesting Schedule / Conditions

Options granted under ESOP 2007 would vest not less than one year and not more than five years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and thus the options would vest on passage of time. In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain performance parameters 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.

7. Exercise

- a) The exercise price shall be equal to the latest available closing market price on the date prior to the date on which the Nomination, Remuneration and Compensation Committee finalizes the specific number of options to be granted to the employees. Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Company or in such other manner as the Nomination, Remuneration and Compensation Committee may decide.
- b) The Employee Stock Options granted shall be capable of being exercised within a period of three years from the date of Vesting of the respective Employee Stock Options. The shares arising out of exercise of vested options will not be subject to any lock - in period after such exercise.

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Clause 7 (a) and (b) amended vide resolution passed by the members of the Company in their Annual General Meeting of the Company held on 05.09.2008 and substituted the following clause.

Clause 7(a) and (b) be substitute by the following clause.

To modify/ re-price the Options granted to the Employees of the Company and its subsidiary Companies namely Emkay Fincap Limited, Emkay Commotrade Limited and Emkay Insurance Brokers Limited (including Non-executive directors and/or Independent Directors of the Company, but excluding the Promoter Directors), under Employee Stock Option Scheme 2007 ("ESOP 2007") by re-pricing the options to a price equal to or greater than the latest available closing market price of the equity shares (as quoted on a National Level Stock Exchange determined by the Board/ Nomination, Remuneration and Compensation Committee) on the date immediately preceding the date on which the Nomination, Remuneration and Compensation Committee finalizes the terms of the modification/re-pricing of the options granted to the employees and as a consequence thereof and as connected therewith, if need be, to revise/extend the vesting period or the exercise period already determined by the Nomination, Remuneration and Compensation Committee in terms of the Scheme in a manner such that the reduction in the exercise price of the options is adequately compensated by revision/extension of the vesting or exercise period.

Clause 7(a) and (b) further amended vide special resolution passed by the members of the Company through postal ballot process/ Evoting on 9th March, 2016 and result declared on 11th March, 2016 and substituted by the following clause.

Clause 7(a) and (b) be amended as under:

To modify/ re-price the Options granted to the Employees and Employee Directors of the Company excluding Promoter Directors and Independent Directors of the Company and its Subsidiary and Holding Companies, under Employee Stock Option Scheme 2007 ("ESOP 2007") by re-pricing the options to a price equal to or greater than the latest available closing market price of the equity shares (as quoted on a National Level Stock Exchange determined by the Board/ Nomination, Remuneration and Compensation Committee) on the date immediately preceding the date on which the Nomination, Remuneration and Compensation Committee finalizes the terms of the modification/re-pricing of

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the options granted to the employees and as a consequence thereof and as connected therewith, if need be, to revise/extend the vesting period or the exercise period already determined by the Nomination, Remuneration and Compensation Committee in terms of the Scheme in a manner such that the reduction in the exercise price of the options is adequately compensated by revision/extension of the vesting or exercise period.

- c) In the event of the death of an Employee while in employment with the Company, all the Vested and Unvested Options may be Exercised by the Option Grantee's nominee immediately after, but in no event later than six months from the date of death.
- d) In the event of separation of an Employee from the Company due to reasons of Permanent Incapacity the Option Grantee may Exercise his or her Vested as well as Unvested Option immediately after Permanent Incapacity but in no event later than six months from the date of separation from employment. In the event of death of the option grantee after such separation and before the expiry of six months from the date of such separation, the nominee/legal heir of such option grantee will be allowed to exercise all vested options of the option grantee before the expiry of six months from the date of such separation.
- e) In the event of separation from employment for reasons of normal retirement or a retirement specifically approved by the Company,
 - i. all Vested Options should be exercised by the Option Grantee immediately after, but in no event later than six months from the date of such Option Grantee's retirement, and
 - ii. all Unvested Options will lapse as on the date of such retirement, unless otherwise determined by the Nomination, Remuneration and Compensation Committee whose determination will be final and binding.
- f) In the event of resignation, all Unvested Options, on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Vested Options as on that date shall be exercisable by the employee before his last working day with the Company.

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- g) In the event of abandonment of employment by an Option Grantee without the Company's consent, all Employee Stock Options granted to such employee, including the Vested Options, which were not exercised at the time of abandonment of employment, shall stand terminated with immediate effect. The Nomination, Remuneration and Compensation Committee, at its sole discretion shall decide the date of abandonment by an Employee and such decision shall be binding on all concerned.
- h) In the event of termination of the employment of an Option Grantee due to breach of policies of the Company or the terms of employment, all Employee Stock Options granted to such employee, including the Vested Options which were not exercised at the time of such breach shall stand terminated with effect from the date of such breach; the date of such breach shall be determined by the Nomination, Remuneration and Compensation Committee, and its decision on this issue shall be binding and final.
- i) In the event of transfer of an employee from the company to the holding or subsidiary of the company, the unvested options as on the date of transfer, will continue to vest as per the original schedule and be exercised, subject to the compliance of the applicable laws.

8. Other Terms and Conditions

- 8.1 The number of options that may be granted to any specific employee under the Scheme shall not exceed 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.
- 8.2 The number of options that may be granted to any Non-Executive director (including any independent director) in any financial year under the Scheme shall not exceed 20,000 options and in aggregate shall not exceed 1% of the issued and paid up capital of the Company at the time of grant of options.

Clause 8 (8.1) and (8.2) amended vide resolution passed by the members of the Company in their Annual General Meeting of the Company held on 05.09.2008 and substituted by the following clause.

To provide that the Board / Nomination, Remuneration and Compensation Committee constituted by the Board may grant additional options to identified employees (including Non-executive directors and/or Independent Directors of the Company but

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excluding the Promoter Directors), of the Company such that the options granted under the ESOP 2007 to each such identified employee exceed 1% of the paid up share capital of the Company but do not exceed 5 % of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

Clause 8(8.1) and (8.2) further amended vide special resolution passed by the members of the Company through postal ballot process / Evoting on 9th March, 2016 and result declared on 11th March, 2016 and substituted by the following clause.

Clause 8(8.1) and (8.2) are amended as under:

To provide that the Board /Nomination, Remuneration and Compensation Committee constituted by the Board may grant additional options to identified employees and Employee Directors excluding Independent Directors and Promoter Directors of the Company and its Subsidiary Companies and Holding Companies such that the options granted under the ESOP Scheme-2007 to each such identified employee shall exceed 1% of the paid up share capital of the Company but do not exceed 5 % of the paid up capital (excluding outstanding warrants and conversions) of the Company at the time of grant of options.

- 8.3 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 Option and becomes a registered holder of the Shares of the Company.
- 8.4 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 8.5 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 Clause 4.2(c) of ESOP 2007.
- 8.6 Employee Stock Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case clause 7(c) would apply.

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- 8.7 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death of the Option Grantee holder, in which case clause 7(c) would apply.

ESOP Scheme-2007 amended vide members resolution dated 01st August, 2011 by adding the following clause.

- 8.8 (i) An employee may surrender his vested / unvested options at any time during his employment with the company.
- 8.8 (ii) 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)

9. Deduction/Recovery of Tax

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

10. Authority to vary terms

The Nomination, Remuneration and Compensation Committee may, if it deems necessary, vary the terms of ESOP 2007, subject to the Applicable Laws.

11. Miscellaneous

11.1 Government Regulations

This ESOP 2007 shall be subject to all Applicable Laws, and approvals from governmental authorities.

11.2 Inability to obtain authority

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

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- 11.3 The grant of an Employee Stock Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Employee Stock Option granted to him in respect of any number of shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.
- 11.4 Neither the existence of this Plan nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Plan by being granted an Employee Stock Option on any other occasion.
- 11.5 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 11.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

12. Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP 2007 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP 2007 shall be sent to the address mentioned below:

Emkay Share & Stock Brokers Limited
Phoenix House - 'C', 4th Floor
Phoenix Mills, Senapati Bapat Marg
Lower Parel, Mumbai-400013

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Clause 12 amended vide special resolution passed by the members of the Company through postal ballot process / Evoting on 9th March, 2016 and result declared on 11th March, 2016 and substituted by the following clause.

Clause 12 to be amended as under:

Notices

All notices of communication required to be given by the Company to an Option Grantee by virtue of this shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Company and any communication to be given by an Option Grantee to the Company in respect of ESOP Scheme-2007 shall be sent to the address mentioned below:

Emkay Global Financial Services Limited
The Ruby, 7th Floor,
Senapati Bapat Marg, Dadar (West),
Mumbai-400028

13. Governing Law and Jurisdiction

- 13.1 The terms and conditions of the ESOP 2007 shall be governed by and construed in accordance with the laws of India.
- 13.2 The Courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2007.
- 13.3 Nothing in this Clause will however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP 2007:
- (i) in any other court of competent jurisdiction; or
 - (ii) Concurrently in more than one jurisdiction.

14. Income Tax Rules

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