# Ratnamani Metals and Tubes Limited



## Ratnamani Employee Stock Option Scheme – 2024

## ("RMTL ESOS 2024")

**Ratnamani Metals and Tubes Limited**

**CIN:** L70109GJ1983PLC006460

**Regd. Office:** 17, Rajmugat Society Naranpura Char Rasta Ankur Road Naranpura, Ahmedabad, Gujarat, India – 380 013.

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## 1. Name, Objective and Term of the Scheme

1.1 This Employee Stock Option scheme shall be called **'Ratnamani Employee Stock Option Scheme 2024' ("RMTL ESOS 2024" / "Scheme").**

1.2 The objective of the Scheme is to attract, retain, motivate and reward the Employees of the Company and its Subsidiary(ies) for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company views Employee Stock Options **("Options")** as a long-term incentive tool that would enable the Employees not only to become co-owners, but also to create wealth out of such ownership in future resulting to achievement of sustainable corporate growth of the Company.

1.3 The Scheme is established with effect from August 27, 2024, on which date the shareholders of the Company have approved the Scheme by way of a special resolution and shall continue to be in force until (i) its termination by the Board or Compensation Committee as per provisions of Applicable Law, or (ii) the date on which all of the Options available for Grant under the Scheme have been issued and exercised, whichever is earlier.

## 2. Definitions and Interpretation

2.1 **Definitions**

i. "**Applicable Law**" means every law relating to Options, Employee Stock Options by whatever name called, including and without limitation to the Companies Act, 2013 and the rules framed thereunder, Securities and Exchange Board of India Act 1992 ("**SEBI**"), SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("**SBEB & SE Regulations**") and includes any statutory modifications or re-enactments thereof and all relevant tax, securities, exchange control or corporate laws of India or of any relevant jurisdiction or of any recognized 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, 2013 read with rules issued thereunder from time to time and includes any statutory modifications or reenactments thereof.

iv. "**Company**" means **"Ratnamani Metals and Tubes Limited"**, a company registered in India under the provisions of the Companies Act, 1956, having CIN: L70109GJ1983PLC006460 and having its registered office at 17, Rajmugat Society, Naranpura Char Rasta Ankur Road Naranpura, Ahmedabad, Gujarat, India – 380 013.

v. "**Company Policies/Terms of Employment**" means the Company's Policies for Employees and the Terms of Employment as contained in the employment letter and the company handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-poaching of other employees and customers.

Policies/Terms of Employment of the Subsidiary Company as regards an Option Grantee on the payrolls of such Subsidiary Company shall be deemed to be "Company Policies/Terms of Employment" for such Option Grantee.

vi. "**Compensation Committee**" means the Nomination and Remuneration Committee constituted by the Board from time to time, to administer and supervise the Scheme and other employee benefit schemes, if any, comprising of such members of the Board as provided under Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time and having such powers as specified under the SBEB & SE Regulations read with powers specified in this Scheme.

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 Compensation Committee for granting the Options to the Employees.

ix. "**Employee**" means

(i) an employee as designated by the Company, who is exclusively working in India or outside India, or

(ii) a Director of the Company, whether a whole-time director or not, including a non-executive director, who is not a Promoter or member of the Promoter Group but excluding an Independent Director;

(iii) an employee as defined in sub-clauses (i) and (ii), of Subsidiary Company(ies), in India or outside India, 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 anybody corporate, directly or indirectly holds more than 10% of the outstanding equity Shares of the Company.

x. "**Employee Stock Option**" means an 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 Scheme, 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 Scheme.

xiii. "**Exercise Price**" means the price payable by an Employee in order to Exercise the Options granted to him in pursuance of the Scheme.

xiv. "**Grant**" means issue of Options to the Employees under the Scheme.

xv. "**Grant Date**" means the date of the meeting of the Compensation Committee in which Grant of Options to the Employees are approved or any such date which may be determined by the Compensation Committee as the Grant date.

**Explanation:** For accounting purposes, the Grant Date will be determined in accordance with applicable accounting standards.

xvi. "**Independent Director**" means a Director within the meaning of Section 149(6) of the Companies Act read with Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

xvii. "**Market Price**" means the latest available closing price on the recognised Stock Exchange on which the Shares of the Company are listed, immediately prior to the Relevant Date.

**Explanation**- If Shares are listed on more than one Stock Exchange, then the closing price of the Shares on the Stock Exchange having higher trading volume shall be considered as the Market Price.

xviii. "**Merchant Banker**" shall have the same meaning assigned to it under regulation 2(1)(cb) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, which is registered under Section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992).

xix. **"Misconduct"** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or Terms of Employment amounting to violation or breach of Terms of Employment as determined by the Compensation Committee after giving the Employee an opportunity of being heard:

(i) dishonest statements or acts of an Employee, with respect to the Company;

(ii) any misdemeanour involving moral turpitude, deceit, dishonesty, or fraud committed by the Employee;

(iii) gross negligence, Misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Company;

(iv) breach by the Employee of any terms of his employment agreement or the Company's policies or other documents or directions of Company;

(v) participating or abetting a strike in contravention of any law for the time being in force;

(vi) Misconduct as provided under the labour laws after following the principles of natural justice; or

(vii) Any other terms and conditions as notified by the Compensation Committee from time to time.

xx. "**Option(s)**" means Employee Stock Options within the meaning of the Scheme.

xxi. "**Option Grantee**" means an Employee who has been granted an Option and has accepted such Grant as required under the Scheme and shall deem to include nominee/ legal heir of an Option Grantee in case of his/her death to the extent provisions of the Scheme are applicable to such nominee/ legal heir.

xxii. "**Permanent Incapacity**" 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 determined by the Compensation Committee based on a certificate of a medical expert identified by the Company.

xxiii. "**Promoter**" shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended.

xxiv. "**Promoter Group**" shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended.

Provided where the Promoter or Promoter Group of a company is a body corporate, the Promoters of that body corporate shall also be deemed to be Promoters of such company.

xxv. "**Relevant Date**" means any of the following dates as the context requires:

(i) in the case of Grant, the date of the meeting of the Compensation Committee on which the Grant is made; or

(ii) in the case of Exercise, the date on which the notice of Exercise is given to the Company by the Option Grantee.

xxvi. "**Retirement**" means retirement as per the rules of the Company.

xxvii. "**RMTL ESOS 2024"** or **"Scheme"** means the Ratnamani Employee Stock Option Scheme 2024 under which the Company is authorized to grant Options to the Employees.

xxviii. "**SBEB & SE Regulations**" means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended and reenacted from time to time, and includes any clarifications or circulars issued thereunder.

xxix. "**Secretarial Auditor**" means a company secretary in practice appointed by a company under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

xxx. "**Shares**" means fully paid-up equity shares of the Company, including the equity shares arising out of the Exercise of Options granted under the Scheme.

xxxi. "**Stock Exchange**" means National Stock Exchange of India Limited (NSE) or BSE Limited (BSE) or any other recognised stock exchange in India on which the Company's Shares are listed.

xxxii. "**Subsidiary Company**" means any present or future Subsidiary Company of the Company, as per the provisions of the Companies Act.

xxxiii. "**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.

xxxiv. "**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.

xxxv. "**Vesting**" means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the Scheme.

xxxvi. "**Vesting Condition**" means any condition subject to which the Options granted would vest in an Option Grantee.

xxxvii. "**Vesting Period**" means the period during which the vesting of the Option granted to the Employee, in pursuance of the Scheme takes place.

2.2 **Interpretation**

In this Scheme, 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; and

e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

f) for the purposes of any calculation under the Scheme any fraction will be rounded up or down to the nearest integer;

g) reference to any statute, rules, regulations, or notification shall include any amendment, modification, substitution or re-enactment thereof.

h) the terms defined above, including their grammatical variations and cognate expressions, shall, unless repugnant to the context or meaning thereof, for the purposes of the Scheme have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Law including SBEB & SE Regulations, as the context requires; and

i) Words / phrases and expressions used and not defined here but defined in the SBEB & SE Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Companies Act, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

**3. Authority and Ceiling**

3.1 The shareholders of the Company by way of special resolution dated August 27, 2024 approved the Scheme authorizing the Compensation Committee to grant not exceeding **36,00,000 (Thirty-Six Lakhs)** Options to the eligible Employees in one or more tranches, from time to time, which in aggregate exercisable into not more than **36,00,000 (Thirty-Six Lakhs)** Shares each fully paid up, with each such Option conferring a right upon the Employees to apply for one Share in the Company in accordance with the terms and conditions as may be decided by the Compensation Committee in accordance with the provisions of this Scheme, SBEB & SE Regulations and in due compliance with other Applicable Law under the Scheme.

3.2 The maximum number of Options under the Scheme that may be granted to each Employee in any year shall in aggregate not more than **25,000 (Twenty-Five Thousand Only)** Options at the time of Grant of Option.

3.3 Prior approval of shareholders of the Company in the general meeting by passing special resolution shall be obtained in case the Grant of Options to any identified Employee, in any one financial year, is equal to or exceeding 1% (one percent) of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of Grant of Option.

3.4 If an Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Options pool as mentioned in Sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Law.

3.5 Where Shares are issued consequent upon exercise of an Option under the Scheme, the maximum number of Shares that can be issued under the Scheme as referred to in Clause 3.1 above shall stand reduced to the extent of such Shares issued.

3.6 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of this Scheme, the maximum number of Shares being granted under the Scheme as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares X face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation.

**4. Administration**

4.1 The Scheme shall be administered by the Compensation Committee. All questions of interpretation of the Scheme or any Option shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the Scheme or in any Option issued thereunder.

4.2 The Compensation Committee shall in accordance with this Scheme and Applicable Law determine the following:

(a) The Eligibility Criteria for Grant of Options to the Employees;

(b) The quantum of the Option to be granted under the Scheme per Employee, subject to the ceiling as specified in Para 3.1;

(c) the specific 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;

(d) the specified time period within which the Employee shall Exercise the Vested Option in the event of termination or resignation of an Employee;

(e) 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;

(f) the procedure for making a fair and reasonable adjustment to the number of Option and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration by the Compensation Committee:

(i) the number and the price of Option shall be adjusted in a manner such that total value of the Option remains the same after the corporate action; and

(ii) the Vesting Period and the life of the Option shall be left unaltered as far as possible to protect the rights of the Option Grantees.

(g) the procedure and terms for the Grant, Vesting and Exercise of Option in case of Employees who are on long leave;

(h) the conditions under which Option vested in Employees may lapse in case of termination of employment for Misconduct;

(i) Determine the procedure for buy-back of Options granted under the Scheme if to be undertaken at any time by the Company, and the applicable terms and conditions, including:

i) permissible sources of financing for buy-back;
ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
iii) limits upon quantum of Options that the Company may buy-back in a financial year;

(j) Formulate suitable policies and procedures to ensure that there is no violation of Applicable Law, in relation to this Scheme, by the Company and the Employees

(k) The procedure for funding for Exercise of Options, as permitted under the Applicable Law; and

(l) approve forms, writings and/or agreements for use in pursuance of the Scheme;

4.3 The Compensation Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 (as amended from time to time) and (c) any other regulation as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Company, Subsidiary Company (ies) of the Company and any Employee.

4.4 The Compensation Committee shall have a right to delegate or authorize any officer of the Company, if required and subject to the extent allowed under the Applicable Law, such power to do specific acts and things without limitation to the listing of Shares on recognized Stock Exchange(s) arising pursuant to Exercise of Vested Options, execution and submission of various document(s) to recognized Stock Exchange(s) or any other institution as may be deemed necessary in connection with the Scheme.

**5. Eligibility and Applicability**

5.1 Only Employees are eligible for being granted Options under the Scheme. The specific Employees to whom the Options would be granted, and their Eligibility Criteria shall be determined by the Compensation Committee.

5.2 The Scheme shall be applicable to the Company, Subsidiary Company(ies) and any successor company thereof and Options may be granted to the Employees of the Company or of the Subsidiary Company(ies) as determined by the Compensation Committee at its sole discretion.

5.3 The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, expected role for the corporate growth, etc.

**6. Grant and Acceptance of Grant**

6.1 **Grant of Options**

(a) Grants contemplated under the Scheme shall be made on such day and month as decided by the Compensation Committee at its discretion upon recommendation of the Management of the Company.

(b) Each Grant of Option under the Scheme shall be made in writing by the Company to the eligible Employees fulfilling the Eligibility Criteria in a letter of Grant as may be approved containing specific details of the Grant, and disclosure requirements, as prescribed under Applicable Law.

(c) Upon acceptance of the Grant in the manner described above, the Employee henceforth as an Option Grantee, shall be bound by the terms, conditions and restrictions of the Scheme and the letter of Grant. The Option Grantee's acceptance of the Grant of Options under the Scheme, within the time period provided, shall constitute an agreement between the Option Grantee and the Company as to the terms of this Scheme and the letter of Grant. No amount would be required to be paid by the Option Grantee at the time of grant.

6.2 **Acceptance of the Grant**

Any eligible Employee who wishes to accept the Grant made under this Scheme must deliver to the Company a duly signed acceptance of the letter of Grant on or before the date ("**Closing Date**") which shall not be more than **30 days** from the date of the Grant, as specified in the letter of Grant. On receipt by the Company of the signed acceptance, the eligible Employee will become an Option Grantee.

6.3 Any eligible Employee who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above, shall be deemed to have rejected the Grant unless the Compensation Committee determines otherwise.

**7. Vesting Schedule and Vesting Conditions**

7.1 Option granted under the Scheme shall vest not earlier than minimum period of **1 (one)** year and not later than maximum period of **5 (five)** years from the date of Grant.

**Provided that** in case where Options are granted by the Company under the Scheme in lieu of options held by a person under a similar scheme in another company ("**Transferor Company**") which has merged or amalgamated with the Company, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause in due compliance with the provisions of SBEB & SE Regulations.

**Provided further that** in the event of death or Permanent Incapacity of an Employee, the minimum Vesting Period shall not be applicable and in such instances, all the Unvested Options shall vest with effect from date of the death or Permanent Incapacity.

7.2 Vesting of Option would be subject to continued employment with the Company or Subsidiary Company(ies), as the case may be. In addition to this, the Compensation Committee shall have the power to prescribe achievement of performance condition(s)/target(s) being corporate or individual or otherwise with a predefined threshold for Vesting as deemed appropriate for each employee, subject to satisfaction of which the Options would vest.

7.3 The Vesting dates, Vesting Schedule and Vesting Condition in respect of the Options granted under the Scheme shall be determined by the Compensation Committee and may vary from an employee to employee or any class thereof and / or in respect of the number or percentage of Options to be vested and would be outlined in the document given to the Option Grantee at the time of Grant of Options.

7.4 **Vesting of Options in case of Employees 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. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Compensation Committee.

**8. Exercise**

8.1 **Exercise Price**

(a) The Exercise Price per Option shall be as may be determined by the Compensation Committee at the time of Grant subject to a discount up to 25% (Twenty-Five) from the Market Price of the Shares as on the date of Grant.

(b) The Exercise Price shall be specified in the letter issued to the Option Grantee at the time of the Grant.

(c) 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 Company may decide from time to time.

(d) No amount is payable by the eligible Employees on Grant or at the time of Vesting of Options.

8.2 **Exercise Period**

**(a) Exercise while in employment:**

The Exercise Period for vested Options shall be a maximum of **3 (Three)** years commencing from the relevant date of Vesting of Options, or such other shorter period as may be prescribed by the Compensation Committee at time of Grant. All the Vested Options can be exercised by the Option Grantee at one time or at various points of time within the Exercise Period.

**(b) Exercise in case of separation from employment:**

Subject to maximum Exercise Period stated above, the Vested Options can be exercised as under:

| S. No. | Events of separation | Vested Options | Unvested Options |
|---|---|---|---|
| 1 | **Resignation/ Termination (Other than due to Misconduct)** | Subject to maximum Exercise Period, all the Vested Options as on the date of resignation/ termination shall be exercisable by the Option Grantee within a period of **3 (Three) months** from date of resignation/termination. | All the Unvested Options as on date of submission of resignation/termination shall stand **cancelled** with effect from date such resignation/termination. |
| 2 | **Termination due to Misconduct** | All the Vested Options at the time of such termination shall stand **cancelled** with effect from the date of such termination. | All the Unvested Options at the time of such termination shall stand **cancelled** with effect from the date of such termination. |

| S. No. | Events of separation | Vested Options | Unvested Options |
|---|---|---|---|
| 3 | **Retirement** | Subject to maximum Exercise Period, all the Vested Options as on the date of Retirement shall be exercisable by the Option Grantee within a period of **12 (Twelve) months** from the date of Retirement. | All Unvested Options as on the date of Retirement would continue to vest in accordance with the **original vesting schedules** even after the Retirement unless otherwise determined by the Compensation Committee in accordance with the Company's Policies, if any, and provisions of the then prevailing Applicable Law.<br><br>Such aforesaid Vested Options can be exercised within a period of **12 (Twelve) months** from the date of Retirement or Vesting, whichever is later. |
| 4 | **Death** | All Vested Options may be exercised by the Option Grantee's nominee or legal heir immediately after, but in no event later than **12 (Twelve) months** from the date of death of the Option Grantee. | All the Unvested Options as on date of death shall **vest immediately** in the Option Grantee's nominee or legal heir and can be exercised in the manner defined for Vested Options. |
| 5 | **Permanent Incapacity** | All Vested Options may be exercised by the Option Grantee, immediately after, but in no event later than **12 (Twelve) months** from the date of such incapacity. | All the Unvested Options as on date of incurring of such incapacity shall **vest immediately** with effect from such event to the Option Grantee and can be exercised in the same manner as defined for Vested Options. |

| S. No. | Events of separation | Vested Options | Unvested Options |
|---|---|---|---|
| 6 | **Termination due to reasons apart from those mentioned above** | All the Vested Options at the time of such termination shall stand **cancelled** with effect from the date of such termination. | All Unvested Options on the date of such termination shall stand **cancelled** unless otherwise required by Applicable Law. |

8.3 **Exercise in case of transfer of employment/ service**

In the event of transfer of an Option Grantee from the Company to any Subsidiary Company(ies), the Vested Options as on the date of transfer, shall be capable of being exercised as if the employment/ service of the Option Grantee is being continued and in case of Unvested Options, such Options shall continue to vest as per the original schedule and be exercised accordingly, subject to the compliance of the Applicable Law.

8.4 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 Compensation Committee, for the issue of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of Exercise.

8.5 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

8.6 In the event that an Option Grantee is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing company, prior to the Vesting or Exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger. Provided that such treatment shall not be prejudicial to the interest of the Option Grantee.

8.7 **Lapse of Options**

The Options not exercised within the respective Exercise Period prescribed in Sub-clauses of Clause 8 shall lapse and be deemed to be cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled Options.

**9. Right to prescribe procedure for funding the Exercise of Options**

Notwithstanding anything contained in the foregoing provisions relating to Exercise of Options, the Compensation Committee may at its discretion, provide a facility for funding the Exercise of Options as per sub-Clause 4.2(l) through an empaneled stock broker or through any other entity as stipulated under SBEB & SE Regulations, from time to time.

The Compensation Committee shall communicate such procedures and mechanisms to the Option Grantees for the purpose of such implementation and the same shall be binding on all

the Option Grantees. This procedure may inter alia require the Option Grantees to authorize any person nominated by the Company to deal with the Options on the Option Grantees' behalf till the realization of sale proceeds.

**10. Lock-in**

The Shares arising out of Exercise of Vested Options shall not be subject to any lock-in period from the date of allotment of such Shares under the Scheme.

**Provided that** the Shares allotted on such Exercise cannot be sold for such further period or intermittently as required under the terms of Code of Conduct for Prevention of Insider Trading of the Company framed under Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

**11. Exit route in case of de-listing**

If the Company gets delisted from all the recognized Stock Exchange, then the Compensation Committee shall have the powers to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance of the Applicable Law.

**12. Restriction on transfer of Options**

12.1 The Option shall not be pledged, hypothecated, mortgaged, or otherwise alienated in any other manner.

12.2 Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions at sub-clause 8.2(b) would apply.

12.3 No person other than the Employee to whom the Option is granted shall be entitled to Exercise the Option except in the event of the death of the Option Grantee holder, in which case provisions at sub- clause 8.2(b) would apply.

**13. Rights as a shareholder**

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 Options granted, till Shares underlying such Options are issued by the Company upon Exercise of such Option.

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 Option and becomes a registered holder of the Shares of the Company.

13.3 In case of any corporate action (for example, bonus issue, right issue, share split, buyback, merger, sale of divisions, etc.) the Option Grantee shall not be eligible for any right or status of any kind as a shareholder of the Company. However, the necessary adjustments to the number of Options or the Exercise Price or both would be made in accordance with sub-clause 4.2(f) of the Scheme.

**14. Deduction/Recovery of Tax**

14.1 The liability of paying taxes, if any, in respect of Options granted pursuant to this Scheme 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 and/or Income Tax Laws of respective countries as applicable to eligible Employees of Company working abroad, if any.

14.2 The Company shall have the right to deduct from the Employee's salary or recover any tax that is required to be deducted or recovered under the Applicable Law. In case of non–continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

14.3 The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

**15. Authority to vary terms**

15.1 For the purpose of efficient implementation and administration of the Scheme but subject to the Applicable Law and approval of the shareholders of the Company by way of a special resolution, Compensation Committee may revise any of the terms and conditions in respect of existing or any new grant of Options provided that the variation is not prejudicial to the interest of the Employees.

Provided that the Company shall be entitled to vary the terms of the Scheme to meet any regulatory requirement without seeking shareholders' approval by way of a special resolution.

15.2 The Compensation Committee may also re-price the Options which are not exercised, whether or not they have vested, if Scheme is rendered unattractive due to fall in the price of the Shares.

**16. Miscellaneous**

16.1 Government Regulations

This Scheme shall be subject to all Applicable Law, and approvals from government authorities. The Grant and the allotment of Shares under this Scheme shall also be subject to the Company requiring Employees to comply with all Applicable Law.

16.2 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 Law, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company from any and all liability in respect of the failure to issue or sell such Shares.

16.3 Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an 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 Scheme by being granted an Option on any other occasion.

16.4 The rights granted to an Option Grantee upon the grant of an 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).

16.5 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 Option in whole or in part.

16.6 General Risks

Participation in the Scheme shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the price of the equity and the risks associated with the investments is that of the Option Grantee alone.

**17. Accounting and Disclosures**

The Company shall follow the requirements including the disclosure requirements and IND AS 102 on Share-based payments and/ or any relevant accounting standards as may be prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 or any other appropriate authority, from time to time, including any guidance note on accounting for employee share-based payments issued in that regard from time to time and the disclosure requirements prescribed therein, in compliance with relevant provisions of Regulation 15 of SBEB & SE Regulations.

**18. Certificate from Secretarial Auditors**

The Compensation Committee shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Company that the Scheme has been implemented in accordance with the SBEB & SE Regulations and in accordance with the resolution of the Company in the general meeting.

**19. Governing Laws**

19.1 The terms and conditions of the Scheme shall be governed by and construed in accordance with the Applicable Law including the Foreign Exchange Laws mentioned below.

19.2 Foreign Exchange Laws

In case any Options are granted to any Employee being resident outside India belonging to the Company working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Company has to comply with such requirements as prescribed from time to time in connection with Grant, Vest, Exercise of Options and issue of Shares thereof.

**20. Notices**

20.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this Scheme shall be in writing. The communications shall be made by the Company in any one or more of the following ways:

i. Sending communication(s) to the address of the Option Grantee available in the records of the Company; and/ or

ii. Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; and/ or

iii. Emailing the communication(s) to the Option Grantee at the official email address provided if any by the Company during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

20.2 All notices of communication to be given by an Option Grantee to the Company in respect of Scheme shall be sent to the address mentioned below:

**Name:** **Shri Jayesh Saluja**
**Designation:** **Vice President (Human Resources)**
**Address:** Ratnamani Metals and Tubes Limited, The First, A and B Wing, 9th Floor, Behind Keshav Baug Party Plot, Off 132 Feet Ring Road, Vastrapur, Ahmedabad, Gujarat, India – 380015.
**E-mail:** Jayesh.saluja@ratnamani.com

## 21. Nomination

The Employee has to nominate a person as his/her nominee. The nominee in case of death or legal incapacity of Employee shall be the legal representative recognized by the Company as the inheritor of the Employee in respect of all rights and liabilities for the purposes of this Scheme.

## 22. Jurisdiction

22.1 The Courts in Ahmedabad, Gujarat India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this Scheme.

22.2 Nothing in this Sub-clause will however limit the right of the Company to bring proceedings against any Employee in connection with this Scheme:

(i) in any other court of competent jurisdiction; or
(ii) con-currently in more than one jurisdiction.

## 23. Listing of the Shares

23.1 The Company shall not Grant Options under the Scheme unless it obtains in-principle approval from the Stock Exchange where it is listed.

23.2 The Company shall appoint a Merchant Banker for the implementation of the Scheme and for the purpose of obtaining in-principle approval from the Stock Exchange, where it is listed.

23.3 Subject to the approval of the Stock Exchange(s), the Shares issued and allotted on Exercise of the Options shall be listed on the recognized Stock Exchange(s) on which the Shares of the Company are listed.

**24. Severability**

In the event any one or more of the provisions contained in this Scheme shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Scheme, but the Scheme shall be construed as if such invalid, illegal, or unenforceable provision had never been set forth herein, and the Scheme shall be carried out as nearly as possible according to its original intent and terms.

**25. Confidentiality**

25.1 An Option Grantee must keep the details of the Scheme and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Company or that of its affiliates. In case Option Grantee is found in breach of this confidentiality Clause, the Company has undisputed right to terminate any agreement and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this confidentiality clause shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this clause, the Compensation Committee shall have the authority to deal with such cases as it may deem fit.

25.2 On acceptance of the Grant of Option offered by the Company, it shall be deemed that as if the Option Grantee has authorized the Company to disclose information relating to the Option Grantee during the process of implementation of the Scheme or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

----------End of Scheme----------

***DRAFT***

***<<To be printed on the letter head of the Company>>***

***Strictly private & confidential***
**<<Date>>,**
**<<Name of the employee>>**
**<<Designation>>**
**<<Place>>**

**Re: Grant of Employees Stock Options under the 'Ratnamani Employee Stock Option Scheme 2024' ("RMTL ESOS 2024"/ "Scheme")**

Dear -----,

Congratulations! It's a pleasure to honor you as a member of a select group of employees who are being granted Employee Stock Options ("**Options**").

You are an important member of **Ratnamani Metals and Tubes Limited** ("**Company**"). We all are committed to build the Company as a formidable organization and in the process, create value for all our stakeholders. While you help create this value, we would like you to get a share in this value too.

It gives us great pleasure to inform you that you have been awarded << **number** >> **Options** under the **Ratnamani Employee Stock Option Scheme, 2024 ("RMTL ESOS 2024"/" Scheme")**. Each Option entitles you to one fully paid-up equity share in the Company. Being an option holder, you would be entitled to become a shareholder of the Company as per the terms of the Scheme.

The Options granted would vest as specified in the '**Particulars of Grant**' attached with this letter. Each of the Options is being granted at the Exercise price of **Rs._____ /- (Rupees _____ Only)**. The salient features of the Scheme are explained in **"FAQ or Understanding RTML ESOS 2024**" enclosed herewith.

These Options are a token of our appreciation and gratitude for believing in the Company. We believe this is just the beginning and hope you will continue to extend your support in the years to come. These Options are being awarded to you considering your present role and the contribution to the value you are expected to make in the future. As the Company grows, the value of these Options would also increase.

Once again, we congratulate you on your journey towards sharing the ownership of the Company and look forward to working with you.

With best wishes,
For **Ratnamani Metals and Tubes Limited**

**Jayanti M. Sanghvi**
**Joint Managing Director**
***Enclosures:***
*Annexure 1: Copy of RTML ESOS 2024*
*Annexure 2: FAQs / Understanding RTML ESOS 2024*
*Annexure 3: Acceptance Form*
*Annexure 4: Nomination Form*
*Annexure 5: SEBI Disclosure*
*Annexure 6: RMTL Insider Trading Code*

**Particulars of Grant**

**<<Name of the employee>>**

**<<Employee Id>>**

We are pleased to grant you Options to subscribe shares of the Company, subject to the terms and conditions of the Scheme. The details of the grant are as follows:

| Particulars | Details of grant |
|---|---|
| **Date of grant of Options** | |
| **Number of Options granted** | [Insert Number and Words] |
| **Exercise price per Option** | Rs _____/- |
| **Exercise period** | _____from the date of each Vesting |
| **Other terms** | As per the Scheme |

**Vesting schedule and Vesting conditions:**

| Dates of Vesting | Number of Options to Vest | Vesting Conditions |
|---|---|---|
| On 1st anniversary from the date of grant that is on _____ | To be filled up | 1. The Options granted shall vest subject to continuous employment/service as on date of vesting; and<br><br>2. shall vest on achievement of performance conditions prescribed by the Compensation Committee. |
| On 2nd anniversary from the date of grant that is on _____ | To be filled up | |
| On 3rd anniversary from the date of grant that is on _____ | To be filled up | |
| On 4th anniversary from the date of grant that is on _____ | To be filled up | |
| On 5th anniversary from the date of grant that is on _____ | To be filled up | |

***Important terms and conditions***

- Hereinafter, an employee to whom the grant letter is issued shall be as termed Option Grantee.
- Entitlement to any benefits under the Scheme is subject to the compliance of terms and conditions stipulated therein read with terms specified in the grant letter and on acceptance of grant, such terms and conditions shall be deemed as if an agreement between the Company and the Option Grantee.
- Options can be exercised within the defined exercise period only as per provisions of the Scheme and shall lapse after expiry of the exercise period.
- An Option Grantee cannot pledge, hypothecate, transfer, or alienate the Options granted to him in any manner whatsoever, except in case of death in which case the Options can be legally transmitted to his/her nominee or legal heir.
- No person other than the Option Grantee to whom Option is granted shall be entitled to exercise the Options except in the event of the death of the Option Grantee, in which case his/her nominee or legal heir can exercise.
- The Option Grantee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Options granted till Shares underlying such Options are issued by the Company on exercise of such Option.
- The Company shall have the right to deduct from the Option Grantee's salary or in the alternate shall have the right to recover, any of the tax obligations arising in connection with the exercise of Options or the shares allotted 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 in full.
- **The Option Grantee specifically confirms to the Company by signing the Acceptance Form, that he is aware that the information regarding his Option entitlements in this Grant, is strictly confidential and that he shall not reveal/ share any related information or details with any person (including his peers, colleagues, or with any employee, ex-employee) and/ or associate of the Company or that of its affiliates. In case the Option Grantee is found to be in breach of this confidentiality provision, the Company shall have the undisputed right to deal with Options under reference including cancellation of unexercised Options. The decision and judgment of the Company regarding breach of this provision shall be final, binding and cannot be questioned.**
- The Option Grantee agrees that the Company may be required to disclose information relating to the Grantee during the process of implementation or administration of the Scheme or while availing services relating to Options consulting, advisory services, or Option Management services and/ or any other such incidental services. The Option Grantee hereby accords his consent that such confidential information regarding his Option entitlements or any other requisite personal information may be disclosed by the Company to its officers, professional advisors, agents, and consultants on a need-to-know basis.

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***Requirement of acceptance of grant***

- In case you wish to accept the grant, you must submit a duly filled-in Acceptance Form (enclosed herewith) on or before **30th day ("Closing Date")** from the date of the grant as specified in this grant letter.
- In case of non-submission of the Acceptance Form on or before the Closing Date, it shall be deemed as if this offer has been rejected. Acceptance Forms received after the Closing Date shall not be valid and shall be deemed as if not submitted.

# Ratnamani Metals and Tubes Limited

## FREQUENTLY ASKED QUESTIONS / UNDERSTANDING RMTL ESOS 2024

**(For Private Circulation Only)**

## About this document

The objective of this document is to acquaint you with the salient features of the **'Ratnamani Employee Stock Option 2024' ("RMTL ESOS 2024"/ "Scheme")** introduced by **Ratnamani Metals and Tubes Limited** ("**Company**"). Some frequently asked questions (FAQ) have been addressed. We hope you will find it useful for understanding the Scheme.

We recommend that you read the Scheme document and the Grant Letter carefully because the actual interpretation of various terms and conditions of the Scheme shall be in accordance with those documents and not this document.

This document is not intended to provide any legal or taxation advice to you. You should consult your tax advisors before making any decisions relating to the Scheme.

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# 1 Introduction to Employee Stock Options

Employee Stock Options ("**ESOS**" or **Options**") offered by a company to its employees entitle them to buy shares of the company at a future date and in a pre-determined manner. They provide an opportunity to the employees to acquire a stake in the company and are intended to create an ownership attitude and align their interests with those of the company. Options confers a right and not an obligation on the employees to buy shares of the company at a future date at a predetermined price.

## 1.1 What is a stock option?

One of the ways a company can reward its employees is by granting them stock Options. A stock option is an option, or a choice - to buy shares. Your Options give you the opportunity to buy your company's shares in the future at a price determined at the time of grant. If the stock price is higher than the exercise price, your Options would be valuable. However, in case, stock price falls below the exercise price, you have option or right not to exercise - there's no risk to you.

## 1.2 Can Options be used for improving performance?

Yes, Options helps in creating a vibrant ownership culture across the entire organization. Ownership culture is one in which employees are encouraged to think and act like 'owners'. It is expected that Options will result in improvement of individual and group performance because of alignment of goals of the employee and the organization.

## 1.3 Why is an Option valuable?

An Option is valuable as it gives you a right (with no obligation) to purchase the shares at a pre-defined price. As a result of which, if the shares increase in value, you will be able to purchase the shares at the lower Option price provided the Options have vested. However, if the share price decreases after the Option is granted and vested, you may choose not to exercise the Options, and thus you are insulated from the risk of downward movement of the company's share price.

## 1.4 What is an "option" in stock options?

An option in a stock option gives you a choice – a right but not an obligation - to purchase the shares of the company on the fulfilment of all conditions mentioned in the Scheme at a price decided at the time of grant of Options. The company is, however, under an obligation to deliver shares to you in case you decide to exercise your right to purchase the shares underlying the Options when Options are exercisable.

## 1.5 What is grant?

The Compensation Committee of the Board ("Committee") decides the eligibility criteria based on the longevity, criticality of your role and performance. Depending on the criteria set by the Committee, your individual Options eligibility is arrived at, and Options are granted. This is known as grant of Options.

## 1.6 What is vesting?

Vesting is the process by which you earn the right to exercise the Option granted to you subject to fulfilment of conditions as mentioned in the Scheme. Vesting has three components – Vesting Percentage, Vesting

Period and Vesting Condition. Vesting percentage refers to that portion of total Options granted, which you will be eligible to exercise. Vesting period is the period on the completion of which the said portion can be said to be vested and become exercisable. Vesting condition is the predefined criteria which should be met so that Options would vest as per vesting percentage and within vesting period.

The following table presents an example of an employee who has granted 100 Options with following vesting schedule:

| **Vesting Details** | **Date of grant: October __, 2024** | | | | |
|---|---|---|---|---|---|
| | **1st Vesting** | **2nd Vesting** | **3rd Vesting** | **4th Vesting** | **5th Vesting** |
| **Percentage** | 20% | 20% | 20% | 20% | 20% |
| **Date** | **October __, 2025** | **October __, 2026** | **October __, 2027** | **October __, 2028** | **October __, 2029** |
| **Options vested** | 20 | 20 | 20 | 20 | 20 |

### 1.7 What is exercise?

The activity of converting the Options granted to you into shares by paying the required exercise price is known as exercise of Options. You may choose to exercise in part or in whole out of your vested Options.

### 1.8 What is the exercise price?

Exercise price is the price that you have to pay to convert the Options into shares e.g. if the Options are granted at an exercise price of Rs. 3,000/- and you want to exercise 100 Options then you have to pay Rs. 3,00,000/- (100 Options x Rs. 3,000/-). You have to pay only Rs. 3,000/- per Option irrespective of any higher market price of the Shares at the time of exercise, say Rs. 3,500.

### 1.9 What is exercise period?

This is the period within which you can decide whether to exercise your Options or not. This period starts typically after vesting of Options.

### 1.10 What is the effective date of exercise?

The effective date of exercise is the date on which you exercise your Options. This shall be considered as exercise date for all purposes including your individual taxation.

### 1.11 What is lapse of Options?

Options lose their validity in certain circumstances i.e., expiry of the exercise period, separation, abandonment etc. These Options then cannot be converted into shares and lose their value. Such Options are said to have lapsed. For instance, unvested Options as on date of resignation shall lapse.

### 1.12 If I have stock Options, does that mean I own shares?

No. The Options are not actual shares, but a right to buy shares. They become shares only when you exercise that right.

## 2 My Stock Options

### 2.1 What is RMTL ESOS 2024?

It is an Employee Stock Option Scheme introduced by the Company. The Company has approved the various terms and conditions of RMTL ESOS 2024, subject to which the Options can be granted to the eligible employees of the Company or its Subsidiary Company.

### 2.2 What are the objectives of RMTL ESOS 2024?

The objective of RMTL ESOS 2024 is to:

- reward the key Employees for their association, dedication, and contribution to the goals of the Company; and
- to create significant reward mechanism for key Employees of the Company in achieving key milestones.

### 2.3 What are the yardsticks for determining the grants?

For determining whom to grant and how much, factors considered are- tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, expected role for the corporate growth, and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

### 2.4 What are the documents I will get at the time of grant of Options?

- Grant letter with usual annexures
  - *Annexure 1: Copy of RMTL ESOS 2024*
  - *Annexure 2: FAQ / Understanding RMTL ESOS 2024*
  - *Annexure 3: Acceptance Form*
  - *Annexure 4: Nomination Form*
  - *Annexure 5: SEBI Disclosure*

### 2.5 What is the Vesting Schedule?

The Employee Stock Options granted under the Scheme shall vest in the manner specified in the grant letter. The vesting dates and the number of Options that would vest on these dates will be specified in the grant letter. Once the Options have vested, you are eligible to exercise them within the Exercise period.

### 2.6 What are Vesting conditions?

Vesting conditions are such conditions subject to which vesting earmarked to each vesting date shall happen. As per law, the primary vesting condition shall be your continuation in the employment as on relevant date of vesting. Apart from this legal bare requirement, Company may link your vesting with certain corporate / individual performance parameters. The specific vesting conditions are given in the grant letter.

### 2.7 What is the Exercise Price?

Exercise price specific to a grant will be mentioned in the grant letter delivered to you.

**2.8 What is the Exercise Period and when can I exercise my Options?**

Exercise period is as per clause 8.2 of the Scheme.

**2.9 How can I exercise my Options?**

If you want to exercise the Options, you will have to submit a duly filled up Application form to the Company along with the amount required for exercising the Options by way of a cheque or draft or any other specified mode prescribed by the company. You may contact the Finance, HR or any other department as specified by the company for obtaining the updated exercise forms and necessary guidance.

**2.10 Can I pay cash instead of cheque to exercise the Options?**

No. You have to pay the amount by way of a cheque or by any other approved banking channel only, unless otherwise decided in the future by the Committee.

**2.11 After I exercise my Options and obtain the shares, would the shares be locked in for a certain period?**

No. Once you obtain the shares on exercise of Options, there is no further lock-in period. However, this is subject to compliance of Company's code of conduct to regulate, monitor and report trading by insiders, if applicable.

**2.12 What are the risks associated with Options?**

The employee stock option gives you a right to get shares of the Company, subject to compliance of the terms of the Scheme. You will bear the normal market risk of a shareholder in terms of loss of value due to fluctuations in the market price of the shares once your Options are exercised.

If you do not exercise your Options, you do not face any risk, as no money is committed till the Options are exercised.

**2.13 How is wealth generated out of ESOS?**

As mentioned in the opening paragraphs, the value of ESOS essentially goes in line with market price of shares of the Company. Market price of shares is an indication of company valuation. The Company valuation essentially depends on several parameters including the turnover, reduction in cost, profitability and quality of human resources. Any incremental company valuation at the time of exercise over that at the time of grant results in gain. The magnitude of incremental valuation eventually leads to creation of wealth.

## 3 Exceptional events

### 3.1 Separations

The exercise/lapse/cancellation of Vested and Unvested Options in case of separation of employment from the Company for various reasons shall be governed as per the provisions of clauses 8.2(b) of the Scheme.

### 3.2 Stock split/ consolidation and Bonus/Rights Issue

The Committee will make a fair and reasonable adjustment to the number of employee stock Options and / or to the exercise price in case of a stock split / consolidation, rights issue and bonus issue, in terms of clause 4.2(f) of the Scheme.

## 4 Insider Trading Restrictions

### 4.1 What is insider trading restrictions?

As per SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Insider Trading Regulations") any dealing by an employee (designated person) in respect of listed shares of his/ her company is subject to restrictions as specified therein. For instance, trading in shares is not allowed during the period around the declaration of financial results by the Company. However, these restrictions mainly apply to employees who are considered insiders.

### 4.2 Am I an Insider?

There are certain criteria based on which an employee is treated as an insider. Main test is possession of or access to unpublished price–sensitive information on the Company. The exact tests for determination whether one is insider or not are specified in the **RMTL Insider Trading Code**, for regulating, monitoring, and reporting of trading by Insiders of the Company ("**Code**"). One should consult the Compliance Officer in this regard.

### 4.3 What are the general restrictions under Insider Trading Regulations?

Acquiring shares on exercise of Options is not treated as trading and as such does not come under purview of Insider Trading Regulations except for the purpose of disclosures. Thus, the exercise of Options is free from any restrictions irrespective of a predefined trading window. The period(s) during which the trading window remains closed (known as Trading Window Closure period) are periods specified in connection with the declaration of quarterly/ annual results, proposal for dividend, issue of securities, proposal on merger, acquisition, restructuring, proposal for expansion, etc.

### 4.4 What are other restrictions I need to know for shares acquired under the RMTL ESOS 2024?

As per SEBI (Prohibition of Insider Trading) Regulations, 2015, you cannot execute a contra-trade transaction within 6 months of a transaction. Contra-trade transaction means sell of shares subsequent to purchase of shares and vice-versa. However, this restriction is not applicable for the acquisition of shares under the Scheme upon exercise.

For example, if you have:

(i) acquired shares under the RMTL ESOS 2024, you can sell those shares within 6 months from the date of such acquisition; and

(ii) sold your shares acquired under the RMTL ESOS 2024, you can again acquire shares under the RMTL ESOS 2024 upon exercise within 6 months from the date of such sale. However, you cannot purchase/acquire shares from the market within 6 months from the date of such sale.

Simply, contra-trade restrictions apply for two opposite transactions done in the market and acquisition of shares under the RMTL ESOS 2024 is not counted as a transaction from contra-trade perspective.

### 4.5 How to know the specific restrictions/ period of restrictions?

Specific restrictions and period of restrictions can be ascertained from periodic instructions issued by the Company in this regard or you may refer to the Code and/ or consult the Compliance Officer prior to execution of any transaction in shares.

Illustrations of contra-trade is given as annexure to this document.

## 5 Miscellaneous

### 5.1 Are my stock Options transferable?

Options granted to you are **NOT TRANSFERABLE** to any person till they are exercised.

Only you will be entitled to exercise Options granted to you except in the case of your death when your nominees would be entitled to exercise Options granted to you.

You are not allowed to pledge, hypothecate, mortgage or otherwise alienate in any other manner the Options granted to you.

### 5.2 Which are the other laws or guidelines that I need to be aware of?

Some of the laws you should be aware of include your service contract and Income Tax Act, 1961, apart from the RMTL ESOS 2024 document.

### 5.3 What will be my tax liability?

**(a) At the time of grant and Vesting of Options**

No tax liability at the time of grant and Vesting of Options as per current Indian tax laws.

**(b) At the time of exercise of Options**

The excess of 'Market Price' of the share on the date of exercise of Options over the 'Exercise price' is treated as the perquisite value in the hands of the employee. The Company is required to deduct tax on the perquisite value treating it as a part of salary as per Income tax law. Same rate of taxation shall apply as is applicable to your salary.

**(c) At the time of sale of shares**:

At the time of sale of shares you would be liable to capital gain tax. The tax is calculated on the difference between the net selling price and the market price of the equity shares as on the date of exercise.

As per the prevailing taxation laws in India, if shares are held for more than 12 months before such sale, the gain (Long-term Capital Gain) from such sale is taxed at a more favourable rate than if such shares are sold within 12 months from the date of allotment.

Taxation laws may change periodically, and it is highly recommended that you consult your Tax Advisor to understand the tax implications on sale of such shares.

### 5.4 Will the company grant me a loan for exercising Options?

No. The Company will not grant a loan to you for payment of the exercise amount.

### 5.5 When can I sell my shares?

You can sell your shares upon obtaining them after exercising your Options under the Scheme subject to such restrictions as may be required under the applicable law and RMTL ESOS 2024.

### 5.6 Are my rights the same as that of a shareholder?

As an option holder, you do not have the right or status of a shareholder of the Company. You will avail all rights pertaining to a shareholder only on exercising your Options and becoming a registered holder of the shares of the Company.

**Annexure**

Any buy/sell trade, undertaken by a Designated Person (DP) and their immediate relatives, within 6 months of an earlier sell/buy trade, respectively, where both the trades have been done in open market, will tantamount to contra trade.

In respect of ESOPs, subscribing, exercising and subsequent sale of shares, so acquired by exercising ESOPs (hereinafter "ESOP shares"), shall not attract contra trade restrictions.

Further, if the ESOP shares are sold in multiple transactions, it will not attract contra trade restrictions. Further, it is to be noted that other provisions of the Regulations shall apply to the sale of shares so acquired through exercising ESOPs.

Table below provides for different scenarios involving buy/sale of ESOP shares, elucidating the principles provided above:

| ***Transaction Date – Jan 01, 2021 (A)*** | ***Transaction Date – Feb 01, 2021 (B)*** | ***Transaction Date – March 01, 2021 (C)*** | ***Transaction Date – August 01, 2021 (D)*** | ***Transaction Date – September 01, 2021 (E)*** | ***Contra Trade (F)*** |
|---|---|---|---|---|---|
| - | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | - | - | *No* |
| - | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | *ESOPs - Dispose**$*** | - | *No* |
| - | *ESOPs - Acquire **#*** | *Market - Acquire@* | *ESOPs - Dispose**$*** | - | *Yes, Transaction D is contra to C* |
| - | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | *Market - Acquire@* | - | *Yes, Transaction D is contra to C.* |
| *Market - Dispose@* | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | - | - | *No* |
| *Market - Acquire @* | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | - | - | *Yes, Transaction C is contra to A.* |
| *Market - Acquire@* | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | *Market - Acquire@* | *ESOPs - Dispose**$*** | *Yes, Transaction C is contra to A, D is contra to C and E is contra to D.* |
| *Non – open Market – Acquire%* | *ESOPs - Acquire **#*** | *ESOPs - Dispose**$*** | - | - | *No* |

***#*** *-* ***ESOPs – Acquire****: Shares acquired through exercising ESOPs*
***$*** *-* ***ESOPs – Dispose****: Shares disposed, which were acquired through exercising ESOPs.*
*@ -* ***Open Market - Acquire/Dispose****: Shares acquired or disposed in open market*
*%* *-* ***Non-Open Market – Acquire*** *- Shares acquired through corporate actions like Rights Issue, FPO, OFS, Bonus, Split, etc.]*

---------- End of Document----------

**ACCEPTANCE FORM**

**Date:** (Insert Date)

To,

Group Vice President (Human Resources)
Ratnamani Metals and Tubes Limited
17 Rajmugat Society, Char Rasta, Ankur Road Naranpura,
Ahmedabad, Gujarat, India – 380013.

**Subject: Acceptance of Grant of Options issued under 'Ratnamani Employee Stock Option Scheme 2024' ("RMTL ESOS 2024"/ "Scheme")**

Dear Sir/ Madam,

This is with reference to the letter of grant dated (Insert Date) issued under the Scheme.

I have read the terms and conditions stipulated in the letter of grant, particulars of grant, the Scheme and understand that entitlement to any benefits under the Scheme is subject to the compliance of terms and conditions stipulated therein.

This acceptance letter is being submitted in token of my acceptance of the grant and relevant terms and conditions.

Yours faithfully,

_____
(Signature)

Name:
Employee ID:

**NOMINATION FORM**

**Date: (Insert Date)**

To,

Group Vice President (Human Resources)
Ratnamani Metals and Tubes Limited
17 Rajmugat Society, Char Rasta, Ankur Road Naranpura,
Ahmedabad, Gujarat, India – 380013.

**Sub: Nomination for Grant of Options issued under 'Ratnamani Employee Stock Option Scheme 2024' ("RMTL ESOS 2024"/"Scheme")**

Dear Sir/ Madam,

With respect to the options granted to me under the Scheme, vide Grant Letter dated **(Insert Date)**, I hereby appoint my _____ (please specify nature of the relationship) viz., Mr. / Mrs. / Miss _____ aged about _____ years, residing at _____ _____, as my nominee for all options granted to me under this grant, for the purposes of the Scheme.

Thanking you,
Yours sincerely,

_____
(Signature)

Name:
Employee Code:

**Disclosures required to be made under Regulation 16 (2) of the Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 ("SBEB & SE Regulations")**

## Part A: Statement of Risks

Investments in equity Shares / Options are subject to market risk as the value of equity Shares may go down (or may go up). You should carefully consider all the information in this Scheme, including the risks and uncertainties described below, before exercising the Option granted to you as that will be making an investment in the equity Shares. If the profitability and financial condition of the Company gets affected adversely, 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 Scheme, we are not in a position to quantify the financial or other implications 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 as an Option amounts to a levered position in the share.

3. **Illiquidity:** The Option cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their benefit 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 portion shall be forfeited if the employee is terminated for gross misconduct as per terms of the Scheme.

## Part B: Information about the company

1. Business of the company:
   Ratnamani Metals & Tubes Limited was incorporated on 15th September 1983. Its CIN is L70109GJ1983PLC006460 and is presently having its registered office at 17, Rajmugat Society, Naranpura Cross Roads, Naranpura, Ahmedabad – 380013.

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

a) To manufacture in India and elsewhere ferrous, non-ferrous, stainless and alloy steel, pipes and tubes, pipe fitting industrial valves, pumps and complete pumping systems for chemical, petrochemical, fertilizer, distilleries, dairy, food processing, power generation, textile, steel, paper refinery industries.

b) To carry on in India and elsewhere rolling/forming/shaping of flats/plates/sheets/ strips/scrap of ferrous and non-ferrous metals.

c) To carry on in India and/or elsewhere all or any of the business of industrial, electrical, mechanical, chemical, civil, information technology engineers and manufacturers, fabricators, erectors, founders, consultants, contractors and dealers or manufacturers of industrial and domestic equipments, implements, tools, including instruments, regulators, recorders, components, spares and machinery, chemical plants of all kinds, plants, graphite equipments, electrical and electronic appliances, electrical fittiigs, cables, conductors and to carry on and operate workshops and foundries for cast iron, steel, stainless steel, copper, aluminium, brass and other metals, alloys and any other substances.

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 the website of the Company at http://www.ratnamani.com.

3. Risk Factors:
The risks and uncertainties include, but are not limited to risks and uncertainties regarding fluctuation in earnings, our ability to manage growth, increased competition, from both local as well as overseas competitors, factors which may affect our cost advantage, time and cost overrun in respect of fixed price orders, customer concentration, reduced demand from our key user industries, our ability to attract and retain talent, our ability to manage marketing and sales operations and/or utilise the production capacities, political instability, legal restrictions, and general economic conditions affecting our industry, etc.

Management perception of risks: some of the risks are inherent for any manufacturing industry and some are such which may be beyond the control of the company.

4. Continuing disclosure requirement:
The Option Grantee would 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 meetings and the accompanying explanatory statements.

**Part C: Brief terms of Ratnamani Employee Stock Option Scheme 2024**

Equity based compensation is considered to be an integral part of employee compensation across sectors which enables alignment of personal goals of the employees with organizational objectives by participating in the ownership of the Company through stock-based compensation scheme. Your Company believes that equity-based compensation schemes are effective tools to attract, retain, motivate and reward the talents working exclusively with the Company and its subsidiary(ies). With the objective to motivate key employees for their contribution to the corporate growth on sustained basis, to create an employee ownership culture, to retain the best talent in the competitive environment and to encourage them in aligning individual goals with that of the Company's objectives, your Company intends to implement a broad-based employee stock option scheme namely 'Ratnamani Employee Stock Option Scheme 2024' **("RMTL ESOS 2024"/"Scheme")** seeking to cover eligible employees of the Company and its subsidiary(ies).

The main features of the Scheme are as under:

**a. Brief description of the Scheme:**
The Scheme contemplates grant of Options to the eligible employees (including Directors) as specified at point 'c' below, time to time as may be determined in due compliance of SBEB & SE Regulations and provisions of the Scheme. After vesting of Options, the eligible employees earn a right (but not obligation) to exercise the vested Options within the exercise period and obtain equity shares of the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon. The employees may create wealth depending on prevailing market price of Shares as on the date of sale.

The Compensation Committee of the Company shall supervise the Scheme as required under SBEB & SE Regulations. All questions of interpretation of the Scheme shall be determined by the Compensation Committee and such determination shall be final and binding upon all persons having an interest in the Scheme.

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

The total number of Options to be granted under the Scheme shall not exceed **36,00,000 (Thirty-Six Lakhs)** Options**.** Each Option when exercised would be converted into one equity share of **Rs. 2/-** (**Rupees Two**) each fully paid-up.

Further, SBEB & SE Regulations require that in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the Options granted. In this regard, the Compensation Committee shall adjust the number and exercise price of the Options granted in such a manner that the total value of the Options granted under the Scheme remains the same after any such corporate action. Accordingly, if any additional Options are issued by the Company to the option grantees for making such fair and reasonable adjustment, the aforesaid the ceiling of Options/Shares shall be deemed to be increased to the extent of such additional Options issued.

**c. Identification of classes of employees entitled to participate in the Scheme.**

Following classes of employees and directors (**collectively referred to as "Employees"**) are eligible being:

(i) an employee as designated by the Company, who is exclusively working in India or outside India,

(ii) a Director of the Company, whether a whole-time director or not, including a non-executive director, who is not a Promoter or member of the Promoter Group but excluding an Independent Director.

or

(iii) an employee as defined in sub-clauses (i) and (ii), of subsidiary Company(ies), in India or outside India, of the Company,

**but excludes**

a. an Employee who is a Promoter or belongs to the Promoter Group; and

b. a Director who either by himself or through his relatives or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Company.

**d. Requirements of vesting and period of vesting**

Any Option granted under the Scheme shall vest not earlier than minimum vesting period of 1 (one) year and not later than the maximum vesting period of **5 (Five) years** from the date of grant as may be determined by the Compensation Committee.

The vesting dates and relative percentages shall be determined by the Compensation Committee and may vary from employee to employee or any class thereof.

Vesting of Option would be subject to continued employment with the Company. In addition to this, the Compensation Committee may also specify certain performance criteria being corporate or individual or otherwise with a predefined threshold, such as subject to satisfaction of which the Options would Vest.

In the event of death or permanent incapacity of an Employee, the minimum vesting period shall not be applicable and in such instances, all the unvested Options shall vest with effect from date of the death or permanent incapacity as required under the SBEB & SE Regulations.

**e. Maximum period within which the Option shall be vested:**

Any Option granted under the Scheme shall be subject to a maximum vesting period of **5 (Five)** years from the date of grant of Options.

The Compensation Committee subject to minimum and maximum ceiling of vesting period shall have the power to prescribe the vesting schedule for a particular grant.

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

The exercise price per Option shall be as may be determined by the Compensation Committee at the time of grant subject to a discount up to 25% (Twenty-Five Percentage) from the market price of the Shares as on the date of grant.

The exercise price shall be specified in the letter issued to the option grantee at the time of the grant.

**g. Exercise period and the process of Exercise:**

The exercise period for vested Options shall be a maximum of **3 (Three)** years commencing from the relevant date of vesting of Options, or such other shorter period as may be prescribed by the Compensation Committee at the time of grant.

However, in case of separation of an Employee from the employment/service, there shall be a shorter exercise period being maximum of **12 (Twelve) months** from the date of event of separation or date of vesting, as may be determined by the Compensation Committee depending on the nature of separation.

The vested Option shall be exercisable by the option grantees by a written application to the Company expressing his/ her desire to exercise such Options in such manner and on such format as may be prescribed by the Compensation Committee from time to time. Exercise of Options shall be entertained only upon payment of requisite exercise price by the option grantees. The Options shall lapse if not exercised within the specified exercise period.

**h. Appraisal process for determining the eligibility of employees under the Scheme:**

The appraisal process for determining eligibility shall be decided from time to time by the Compensation Committee. The broad criteria for appraisal and selection may include parameters like tenure of association with the Company, performance during the previous years, contribution towards strategic growth, contribution to team building and succession, cross-functional relationship, expected role for the corporate growth, etc.

**i. Maximum number of Options to be issued per employee and in aggregate:**

The number of Options that may be granted under the Scheme per Employee and in aggregate (taking into account all grants) for such Employee, shall not exceed **25,000 (Twenty-Five Thousands)** Options per eligible Employee.

**j. Maximum quantum of benefits to be provided per employee:**

There is no contemplation of benefit other than grant of Options and any benefit arising out of Options shall be subject to ceiling specified in point hereinabove.

**k. Route of Scheme implementation:**

The Scheme shall be implemented and administered by the Company.

**l. Source of acquisition of shares under the Scheme:**

The Scheme contemplates issue of fresh/primary equity shares of the Company.

**m. Amount of loan to be provided for implementation of the Scheme by the Company to the Trust, its tenure, utilization, repayment terms, etc.:**

This is currently not contemplated under the Scheme.

**n. Maximum percentage of secondary acquisition:**

This is currently not contemplated under the Scheme.

**o. Accounting and Disclosure Policies:**

The Company shall follow the Accounting Standard IND AS 102 on share-based payments and/ or any relevant Accounting Standards as may be prescribed by the competent authorities from time to

time, including the disclosure requirements prescribed therein in due compliance with the requirements of Regulation 15 of the SBEB & SE Regulations. In addition, the Company shall disclose such details as required under the applicable laws including under other applicable provisions of the SBEB & SE Regulations.

**p. Method of Option valuation:**

The Company shall adopt 'fair value method' for valuation Options as prescribed under IND AS 102 on Share-based payments or any accounting standard/ guidance note, as applicable, notified by competent authorities from time to time.

**q. Declaration:**

In case the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Options and the impact of this difference on profits and on Earning Per Share ("EPS") of the Company shall also be disclosed in the Directors' report.

**r. Period of Lock-in:**

The shares issued pursuant to exercise of Options shall not be subject to any lock-in period restriction except such restrictions as may be prescribed under applicable laws including that under the code of conduct framed, if any, by the Company under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended, shall apply.

**s. Terms & conditions for buyback, if any, of specified securities/ Options covered granted under the Scheme:**

Subject to the provisions of the then prevailing applicable laws, the Compensation Committee shall determine the procedure for buy-back of specified securities/Options granted under the Scheme if to be undertaken at any time by the Company, and the applicable terms and conditions thereof.

You may refer to the copy of the Scheme for detailed provisions.