

Annexure - I

HT Group Companies - Employee Stock Option Rules

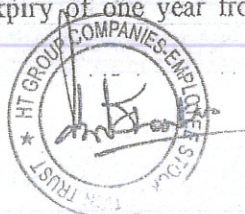
1. Grant of the Options

- 1.1 The Nomination Committee, in the best interests of the Company, Group Companies and the Employees, shall have sole discretion in the selection of a Beneficiary and in determining the quantum of Options to be granted to each Beneficiary individually, and in aggregate. The Options will be granted either at a price determined on the basis of share valuation based on Price/Earnings (PE) multiple of peer group companies or at a price equal to the book value of Share as per the latest available audited balance sheet or at the price determined on such other basis as may be deemed appropriate by the Nomination Committee, and the same will be disclosed to the Beneficiaries, while granting such Option.
- 1.2 Each Option shall represent one Share and the total number of Shares transferred upon Exercise of Options shall not exceed such number of Shares of the concerned Company as may be determined by the Nomination Committee.
- 1.3 All Options granted to Beneficiaries are non-transferable.
- 1.4 Beneficiaries are required to fill up appropriate forms circulated by the Nomination Committee, regarding nomination(s) of their legal heirs in case of death or incapacitation and submit the same within 30 days of grant of Options in accordance with the Rules.
- 1.5 It is clarified that in the event such forms are not submitted or if submitted are not complete in all respects, within the time period specified by the Nomination Committee, the Nomination Committee shall not be in a position to extend the facility detailed in Rule 2.3 herein below to any concerned Beneficiaries.

2. Vesting of the Options

- 2.1 The Vesting for the Beneficiaries shall be in accordance with Schedule I to these Rules.
- 2.2 For a valid Vesting, a Beneficiary is required to be in service with the Company or Group Company on the Vesting Date and must neither be serving his notice period for termination of service nor be subject to any disciplinary proceedings pending against him on the Vesting Date.
- 2.3 In the event of permanent incapacitation or death of a Beneficiary, all the Options granted to him till the date of occurrence of any of the aforesaid events shall Vest in the permanently incapacitated Beneficiary or the legal heirs/nominees of such Beneficiary, as the case may be.

It is clarified that, no Options can be vested in the legal heir or nominees of the deceased Beneficiary or the permanently incapacitated Beneficiary until the expiry of one year from the date of grant of Options to the respective



Beneficiary and therefore, in such event, the Vesting Date shall be the date of death or permanent incapacitation of the Beneficiary or the date occurring one year from the date of grant of the Option to such Beneficiary, whichever is later.

- 2.4 Except in the case of privileged leave, in the event a Beneficiary is on leave/absent from work for a continuous period of 60 days or more in any financial year, the Vesting Date shall be adjusted for such period of leave/absence and determined by the Nomination Committee on a case-to-case basis.

3. Exercise of the Options

- 3.1 The Exercise Price of the Option shall be the price, mentioned while granting of such Option.
- 3.2 The Options granted under the Rules shall be exercisable for period of ten [10] years after the scheduled Vesting Date of the last tranche of the Options in the manner stipulated by the Nomination Committee.
- 3.3 The Vested Options will become exercisable in part or whole and only by the Beneficiary to whom it is granted or his legal heirs/nominees, on the occurrence of the events detailed in Rule 2.3 hereinabove. The unexercised portion of the Vested Options can be Exercised in part or whole, but within the Exercise Period, where after the Options Vested but not Exercised shall be deemed to have lapsed.
- 3.4 The Beneficiaries or their legally constituted nominee as specified in Rule 2.3 hereinabove, as the case may be, proposing to Exercise the Vested Options shall compulsorily be required to submit the following to the Nomination Committee with a copy to the Trustee(s) of the Trust:
- Written notice, electronic or otherwise, of Exercise along with requisite details such as the demat account number etc. (if applicable) of such Beneficiary, in the form circulated pursuant to the Rules for such purpose; and
 - Full payment of the Exercise Price in respect of Shares for which the Options are being Exercised, in the form and manner indicated in the form.

4 Forfeiture or Cancellation of Options Granted

- 4.1 In the event of any termination of employment on account of willful misconduct on the part of a Beneficiary prior to such Beneficiary having Exercised Vested Options or any part of it, the unexercised Options granted and/or Vested shall lapse with effect from the date of such termination.
- 4.2 The termination of employment for reasons other than willful misconduct prior to a Beneficiary having Exercised Vested Options shall not lead to the lapse of such unexercised Options. However, in such an event, the relevant Options Vested would have to be exercised within such time as indicated by the Nomination Committee from the date of termination, failing which the Options Vested shall be deemed to have lapsed.



4.3 It is hereby clarified that in the event of resignation or termination of employment of a Beneficiary, all Options not Vested by such Beneficiary as on the date of resignation shall expire

4.4 A Beneficiary shall not be entitled to mortgage, charge or otherwise alienate his beneficial interest the Options granted/vested till such time as the Shares are allocated/ transferred pursuant to valid Exercise of the Options and the actual transfer of the Shares in favour of such Beneficiary.

4.5 The Beneficiary shall also be bound by code of conduct as may be stipulated by the Nomination Committee, if any, as may be stipulated to be followed in respect of any Options granted/vested and related transactions under the Rules. In the event, any Beneficiary commits a willful violation of the said code of conduct, the Trustee, upon recommendations of the Nomination Committee, may withdraw/annul the relevant and/or all related transactions under the Rules.

4.6 In the event a Beneficiary fails to Exercise his Option during the Exercise Period, amounts paid by the Beneficiary to the Trust, at the time of grant of Option, if any, shall be either :

(i) forfeited by the Nomination Committee if the Option is not Exercised by the Beneficiaries within the Exercise Period; or

(ii) refunded to the Beneficiaries if the Option is not Vested due to reasons stated herein.

5 Other Terms

5.1 Adjustments of number and Exercise Price of Options in certain cases -

a) *Capitalization by way of issue of bonus shares:*

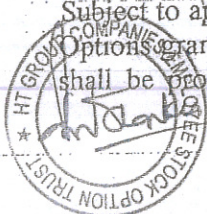
Subject to approval(s), if any by the shareholders of the Company, all Options granted but not vested and Options vested but not exercised, shall be proportionately adjusted for any increase in the number of issued shares on account of issue of bonus shares.. The total number of additional shares which the Option holder can subscribe to without any payment shall be calculated as follows:

$$\frac{[\text{No. of Options granted but not vested} + \text{No. of Options vested but not exercised}] \times [\text{No. of Bonus shares issued/number of equity shares paid-up before Bonus issue}]}{\text{No. of Options granted but not vested} + \text{No. of Options vested but not exercised}}$$

The Option holder can subscribe to proportionate number of additional shares along with every Exercise without any payment to the Company.

b) *Issue of right shares:*

Subject to approval(s), if any by the shareholders of the Company, all Options granted but not vested and Options vested but not exercised, shall be proportionately adjusted for any increase in the number of



issued shares on account of right shares. The total number of additional shares which the Option holder can subscribe to shall be calculated as follows:

$$[\text{No. of Options granted but not vested} + \text{No. of Options vested but not exercised}] \times [\text{No. of Right shares issued/number of equity shares paid-up before Rights issue}]$$

The Option holder can subscribe to proportionate number of additional shares along with every Exercise at the same price at which the rights shares have been issued.

- c) *Issue of additional equity (other than by way of issue of Right shares or allotment of shares under an Employee Stock Option or Purchase Scheme):*

In the event of issue of additional equity shares at less than the price at which the Options have been granted but not vested and those which have been vested but not exercised, the Nomination Committee shall decide on the manner in which and the terms and conditions on which all such Options shall be proportionately adjusted for any increase in the number of issued shares resulting from such issue of additional equity shares.

- d) *Merger:*

In the event of a merger of the Company with or into another company, all the Options including those which are vested but were not exercised shall be proportionately adjusted to give effect to the merger or asset sale. Such adjustment may include the substitution of options of any other company/companies and terms and conditions thereof, as may be decided by the Nomination Committee.

- e) *Demerger:*

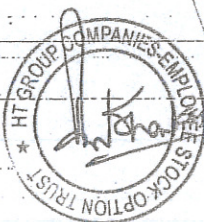
In the event of demerger of the Company into a separate legal entity, the Nomination Committee shall in consultation with the parties to the transaction, decide on the manner in which and the terms and conditions on which the issue regarding outstanding Options of the Company held by the Option holders is to be addressed before consent for such demerger is given by the shareholders of the Company.

- 5.2 The Beneficiary shall not be entitled to claim dividend and a right to vote, or in any manner enjoy the benefits as a shareholder with respect to Shares, in respect of the Options granted/vested till such time as the Shares are transferred pursuant to valid Exercise of the Options and the actual transfer of the Shares in favour of such Beneficiary. The Shares once transferred to the Beneficiaries, shall not be subject to any lock-in period and shall be freely transferable.



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- 5.3 The Nomination Committee may further frame suitable policies and systems in this regard. Such policies will be intimated separately to the Beneficiaries from time to time and the Beneficiaries shall be automatically bound by the same.
- 5.4 The judgment of the Nomination Committee with respect to any matter referred to in the above Rule 4 shall be conclusive and binding upon each Option holder without the need for any amendment to the Rules.
- 5.5 Nomination Committee at its sole discretion may decide to Vest Options in any Beneficiary whose services superannuate on attaining the age of superannuation or who ceases to be in employment by way of mutual agreement with the Company of which he is an employee.
- 5.6 The Grant, Vesting and Exercise of the Options under the Rules will be subject to the applicable laws. If the grant of Options or any part of it is held to be void under any law in force, the offer and the related transactions will cease to have any effect and both the parties shall be absolved of their obligations under the Rules.
- 5.7 The Beneficiary shall be liable to discharge the taxes and levies, if any, in respect of the Rules and it shall not be the responsibility of the Nomination Committee/Trustee to determine or advise the Beneficiary on their personal/individual taxation issues in exercising the Options.
- 5.8 The Beneficiary, to whom the Rules shall be applicable, can if he/she so chooses, authorize the Company and/or respective Group Companies/the Trust (i) to withhold monies from salary and/or any other dues payable to such Beneficiaries or former Beneficiaries to meet tax and any other statutory obligations and/or (ii) to recover directly from the Beneficiaries or former Beneficiaries the monies needed to meet such obligation and/or (iii) to dispose of all or a part of the Shares due to be transferred to such Beneficiary or former Beneficiary on the Exercise of an Option, for the purpose of raising monies to meet such obligations.
- 5.9 The Nomination Committee shall have absolute discretion to resolve any issue that arises in the administration of the Rules, subject to applicable laws, if any. The Nomination Committee shall have the right to direct the trustee(s) to administer the provisions of the Rules, as and when required, as per applicable laws.



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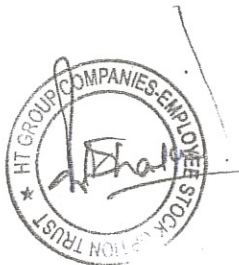
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Schedule – I

(Options)

Vesting: The Options granted to the Beneficiaries with effect from 15th September, 2007 shall vest in the respective Beneficiaries in four tranches as under

<i>Tranches</i>	<i>% of Options vested</i>	<i>Vesting Date</i>
Tranche – 1	25%	12 months from date of grant of Option
Tranche – 2	25%	24 months from date of grant of Option
Tranche – 3	25%	36 months from date of grant of Option
Tranche – 4	25%	48 months from date of grant of Option



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Members of Nomination Committee

1. Smt. Shobhana Bhartia,
Wife of Shri Shyam Sunder Bhartia,
Resident of 19, Friends Colony (West),
NEW DELHI - 110 065
2. Shri Priyavrat Bhartia,
Son of Shri Shyam Sunder Bhartia,
Resident of 19, Friends Colony (West),
NEW DELHI - 110 065
3. Shri Shamit Bhartia,
Son of Shri Shyam Sunder Bhartia,
Resident of 19, Friends Colony (West),
NEW DELHI - 110 065

