

S CHAND AND COMPANY LIMITED
Reg. Add : A-27, 2nd Floor, Mohan Co-operative Industrial Estate,
New Delhi - 110 044
CIN No: L22219DL1970PLC005400
Tel No: 91 11 4973 1800
Email: jsingh.del@schandgroup.com : Website: schandgroup.com

S Chand - Employees Stock Option Plan 2018
SCHEME CUM DISCLOSURE DOCUMENT

PART A
STATEMENT OF RISKS

All investments in shares or options on shares are subject to risk as the value of shares may go down or up. In addition, employee stock 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 option as an option amounts to a levered position in the share.
3. Illiquidity: The options cannot be transferred to anybody, and therefore the employees cannot mitigate their risks by selling the whole or part of their options before they are exercised.
4. Vesting: The options will lapse if the employment is terminated prior to vesting. Even after the options are vested, the unexercised options may be forfeited if the employment is terminated for misconduct.

PART B
INFORMATION ABOUT THE COMPANY

1. Business of the Company: A description of the main objects and present business of the Company.

History:-

Main objects:-

- a) To purchase, acquire, takeover, the entire running business of M/s S. Chand & Co., publishers and Booksellers along with its branches and together with its rights, liabilities ,properties, debtors, cash in hand, goodwill, tenancies, loans, assets, stock in trade, advances, etc, for consideration either by way of allotment of shares in the company or in cash, or partly in one way and partly in the other; to make necessary amendments, modifications, requirements necessary and expedient for carrying on the pending agreements, tenancies, orders, etc, and to take steps to defend the rights of the business in pending laws suits, complaints, by or against the business acquired, purchased or taken over.
- b) To carry on business of proprietors and publishers of books and other literary works.
- c) To carry on all or any of the business of printers, publishers, stationers tin ,metal, cloth, rubber, parchment, celluloid, glass, bottles, tubes printers, type founders, stereotypes, electrotypes, photographic printers, photo lithographers, chromo- lithographers, engravers, die- sinkers, bookbinders, designers, draftsmen, name plates printers, toys printers, tin box printers, tin and metal sheet folders, block makers, rubber stamps manufacturers, Vandyke, collotype, photographer workers and printers, calendars, pictures and advertising novelties printers,



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transfer and labels manufacturers, account book manufacturers, machine rules, numerical printers, paper bag and account book makers, box makers, card board printers, ticket manufacturers, book- sellers, publishers.

- d) To subscribe for, purchase, or otherwise acquire, hold, dispose of and deal in shares, stocks, securities, and evidences of indebtedness or of the right to participate in profit or assets or other similar documents and any option or right in respect thereof, and to buy and sell foreign exchange and generally to invest and deal with the monies of the company not immediately required in or upon such securities and in such manner as may from time to time be determined.
- e) To erect upon the said land to be acquired as aforesaid and upon any other land and property which may hereafter be purchased or leased or acquired by the company such halls, buildings, houses and erections as may be required for carrying on the said business or businesses and to purchase and put into working orders such machinery and other accessories as may from time to time be required on the said business or businesses or any of them and to lease, hire, manage, or otherwise deal with all kinds of immovable property whether belonging to the Company or not.
- f) To acquire the running business of hotels, motels and restaurants and/or to purchase land and erect hotel, motel and restaurant buildings with all the modern amenities and facilities including diesel filling pumps, camping grounds for tourists, garages for motorists, amusement halls, swimming pools and all other conveniences to the general public, tourists, delegates and study groups and missions visiting the country.
- g) To carry on the business of leasing and hire-purchase financing and to provide on lease or on hire purchase all types of industrial and office plants, equipment, machinery, vehicles and buildings.

Present business:- We are a leading Indian education content company. We deliver content, solutions and services across the education lifecycle through our K-12, higher education and early learning segments. We are the leading K-12 education content company with a strong presence in the CBSE/ICSE affiliated schools and increasing presence in the state board affiliated schools across India. Our textbooks and instructional materials are supported by our offering of technology driven methods of education and digital learning. We sell our knowledge products and services to schools and to students across their lifecycle through our extensive pan-India network of sales offices, distributors and dealers.

2. Abridged financial information: Abridged financial information, for the last five years in respect of the Company and its subsidiaries.

Summary of Consolidated audited financial data for the last five years						
		31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
		(Rs. in Lakhs)				
1	Gross income / turnover	80,717.2	66,215.6	54,062.7	47,850.0	37,095.40
2	Expenditure					



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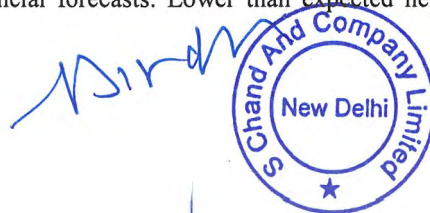
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	Purchase of traded goods	32,451.6	25,492.6	20,299.4	20,377.7	17,791.9
	Personnel expenses	13,856.1	11,745.1	9,418.3	8,034.8	5,267.7
	Administration & other expenses	13,867.2	12,106.8	11,523.4	9,033.2	6,057.8
	Finance cost	2,397.2	3,535.6	2,965.4	2,784.5	889.7
	Depreciation and amortisation	1,928.4	2,643.3	2,590.7	2,254.1	1,229.7
	Total expenditure	64,500.5	55,523.4	46,797.2	42,484.30	31,236.8
3	Profit / (loss) before tax & exceptional items	16,216.7	10,692.2	7,265.5	5,365.7	5,858.6
4	Share of loss in associates	(122.5)	(226.6)	(272.4)	(137.2)	-
5	Provision for tax					
	Current tax	5,814.5	4161.6	2,447.3	1,969.9	1,951.8
	Tax in respect of earlier years	31.0	41.8	76.3	31.1	(235.0)
	Deferred tax	(459.6)	136.0	(194.7)	(48.4)	(115.4)
6	Profit / (loss) after tax	10,708.3	6,126.2	4,664.2	3,275.9	4,257.2
7	Other Comprehensive Income	13.7	18.8	-	-	-
8	Total comprehensive Income for the period	10,722.0	6,145.0	4,664.2	3,275.9	4,257.2

The Company shall disclose the full set of abridged financial information for the last 5 years for which audited financial information is available, as prescribed under clause (b)(i) of Section 26(1) of the Companies Act, 2013 as amended or re-enacted from time to time, to the option grantee/s at the time of each grant.

3. Risk Factors and Management perception of the risk factors for the Company (i.e. sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.)

- (a) Our business is linked to the academic cycle, and is, therefore, seasonal. The high degree of seasonality of our K-12 business materially affects operating revenue, margins and cash flow from quarter to quarter. In the K-12 segment, our sales season has traditionally been in the fourth quarter of the financial year. In addition, the working capital cycle for print content in the CBSE/ICSE K-12 education industry tends to be unduly high at the fiscal year end on account of high sales in the last quarter, which then tapers down in subsequent quarters. Accordingly, as per our management estimates, our operating revenues and margins during the first three Fiscal quarters have typically been lower, compared to the fourth Fiscal quarter. There also are months when we operate at a net cash deficit from our activities. Our results of operations for each of the first three quarters of a financial year and for the first nine months of a financial year typically have shown a loss. In addition, our quarter-on-quarter data regarding our operating revenue, margins and cash flows may not be comparable for any future Fiscal quarters. Further, we can make no assurance that our fourth quarter net sales in future fiscal years will continue to be sufficient to meet our obligations or that our fourth quarter net sales will be higher than net sales for our other quarters or that we will make a profit in the fourth quarter. These factors may make it difficult for us to prepare accurate internal financial forecasts. Lower than expected net



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sales in the fourth quarter of a given financial year could have a material adverse effect on our business, results of operations and financial condition.

- (b) The Indian market for education content is highly competitive and fragmented. The Indian market is composed of multiple boards, including the state education boards, the Central Board of Secondary Education ("CBSE"), and the Indian Certificate of Secondary Education ("ICSE"), each of which is governed by a separate body with a separate syllabus. There are only a few large, established industry participants similar to us, as the market is characterized by smaller regional, state and local content providers as well as specialized content providers for particular subjects or course material. Content providers' expertise amongst certain boards often vary. For example, we have expertise in publishing education material predominantly used by schools affiliated with the CBSE/ICSE boards and regional state boards. Many of the content providers have strong brand recognition in their markets and long term relationships with schools, school authorities and educational authorities. Further, we also face competition from the National Council of Educational Research and Training ("NCERT") and the State Council of Educational Research and Training ("SCERT"), which publish books for the K-12 market at subsidized costs. The multitude of players, brands and various sizes of competitors makes it difficult to build national brands and requires a dedicated local sales team to compete effectively. Additionally, intense competition may require us to price our products competitively and provide purchasing incentives to our customers. Failure to do so may result in the reduction of our market share and sales. Our future success depends on our ability to compete effectively, including by distinguishing our products, content or services from our competitors, by expanding our brands and titles, by providing higher quality content, expanding our distribution, sales and marketing forces, or by expanding our portfolio of digital products and educational services. We cannot assure you that we will be able to sufficiently and promptly respond to changes in customer preferences and other competitive pressures in the future, nor can we assure you that we will be able to maintain or increase our existing market share.
- (c) While we have an in-house content development team, a significant portion of our revenues are derived from our top twenty authors. This concentration of revenues could potentially place us at a disadvantage with respect to negotiations regarding payment of royalties and other terms. In addition, this concentration increases the risk that the loss of, or problems with, a single author could have significant effect on our sales and profitability. The loss of such authors could adversely affect our business, results of operation, cash flows and financial condition.
- (d) The performance and growth of our businesses depend in part on the financial position of the schools that we provide our content, which could be adversely affected by general economic conditions internationally and domestically and other factors outside of our control. In response to general economic conditions or budget shortfalls, private schools and school organisations may reduce educational spending to protect against existing or expected economic conditions or seek cost savings to mitigate budget deficits. As such,



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there can be no assurances that schools and institutions will have sufficient funding to purchase our products and services, that we will win their business or that schools that have historically purchased our products and services will do so again in the future. Similarly, changes in the procurement process for print content, supplemental materials and test preparation and competitive materials could also affect our markets and sales.

- (e) Our business, results of operations and financial condition may be materially adversely affected by changes in syllabi and curricula of schools including, but not limited to, delays in our ability to adopt particular curricula, changes in curricula and changes in student testing processes in a timely manner. These changes may adversely affect our inventory of books as we may be left with print content which is no longer viable. In the event there are significant changes in the curricula and we are unable to update or re-align its materials to such changes in a timely and cost-efficient manner, or if it is required to discontinue certain titles, our business, results of operations and financial condition could be materially adversely affected.
- (f) Printing of our content and other products are decided based on management estimates of demand using historical sales data which is used to extrapolate future sales pattern and we start printing before the preparation of an order book. If we fail to accurately forecast customer demand, we may experience excessive inventory levels or a shortage of products available for sale. There can be no assurance that we will be able to successfully manage our inventory at a level appropriate for future customer demand.
- (g) We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares.

The Company shall disclose the same to the option grantee/s at the time of each grant.

- 4. Continuing disclosure requirement: The option grantee shall be provided copies of all documents that are sent to the members of the Company. This shall include the annual accounts of the Company as well as notices of meetings and the accompanying explanatory statements.

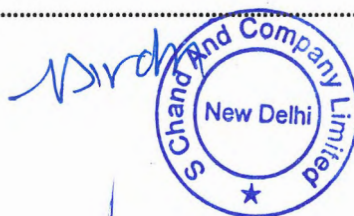


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PART C
SALIENT FEATURES OF THE SCHEME

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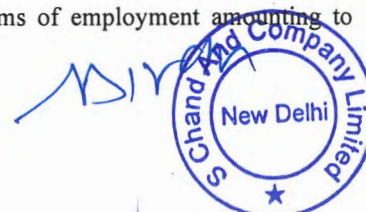
1. Name, Objective and Term of the Scheme

- 1.1 This Scheme shall be called 'S Chand - Employees Stock Option Plan 2018' ("ESOP - 2018").
- 1.2 The objective of ESOP - 2018 is to reward the eligible Employees of the Company and its Subsidiary Company (ies) in India and abroad for their performance and to motivate them to contribute to the growth and profitability of the Company. The Company also intends to use this Scheme to attract and retain talents in the organization. The Company views Employee Stock Options as instruments that would enable the Employees to get a share in the value they create for the Company in future.
- 1.3 ESOP – 2018 will be effective on approval by the shareholders by way of special resolution in their Annual General Meeting scheduled to be held on September 25, 2018 and shall continue to be in force until (i) its termination by the Board, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOP - 2018 have been exercised.
- 1.4 The Board of Directors or the Committee as authorized may subject to compliance with Applicable Laws, at any time alter, amend, suspend or terminate the ESOP - 2018.

2. Definitions and Interpretation

2.1 Definitions

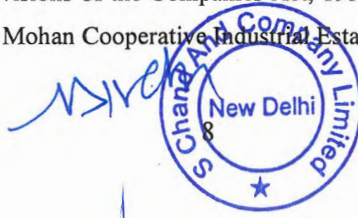
- i. **"Applicable Law"** means every law relating to Employee Stock Options, to the extent applicable, including and without limitation to the Companies Act, Securities and Exchange Board of India Act, 1992, SEBI (SBEB) Regulations, and all relevant tax, securities, exchange control or corporate laws of India, or amendments thereof or of any relevant jurisdiction or of any Stock Exchange on which the Shares are listed or quoted.
- ii. **"Board"** means the Board of Directors of the Company.
- iii. **"Cause"** 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



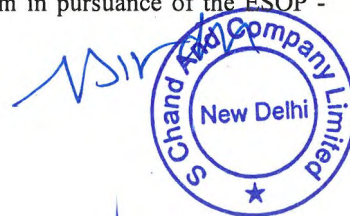
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misconduct or breach of terms of employment as determined by the Board or by the Committee as may be authorized by the Board, after giving the Employee an opportunity of being heard:

- (i) dishonest statements or acts of an Employee, with respect to the Company;
 - (ii) a felony or any misdemeanor 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 including the reasons of non-performance;
 - (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.
- iv. **"Companies Act"** means the Companies Act, 2013 and rules made thereunder and include any statutory modifications or re-enactments thereof.
- v. **"Committee"** means Nomination and Remuneration Committee of the Board as constituted in accordance with Section 178 of the Companies Act, 2013, as amended from time to time and Securities Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 and will also constitute as the Compensation Committee for the purposes of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- vi. **"Company"** means 'S Chand And Company Limited', a Company incorporated under the provisions of the Companies Act, 1956 having its registered office at A-27, 2nd Floor Mohan Cooperative Industrial Estate, New Delhi - 110 044.

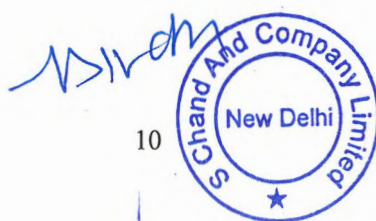


- vii. **“Director”** means a member of the Board of the Company.
- viii. **“Eligibility Criteria”** means the criteria as may be determined from time to time by the Committee for granting the Employee Stock Options to the employees.
- ix. **“Employee”** means (i) a permanent employee of the Company working in India or out of India; or (ii) Director of the Company whether whole-time or not, and (iii) an employee defined in Sub-clauses (i) and (ii) hereof of one or more Subsidiary Company(ies) whether in or outside India, but does not include:
- a. an employee who is a Promoter or a person belonging to the Promoter Group;
 - b. a Director who either by himself /herself or through his/her relatives or through any Body Corporate, directly or indirectly, holds more than 10% of the issued and subscribed Equity Shares of the Company; and
 - c. An Independent Director within the meaning of the Companies Act and under Securities Board of India (Listing Obligations and Disclosure Regulations) Regulations, 2015.
- x. **“Employee Stock Option”** means the option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase at a future date the Shares underlying the option at a pre-determined price.
- xi. **“Equity Shares”** means fully paid-up Equity Shares of the Company of face value of Rs. 5 (Rupees Five) each.
- xii. **“ESOP - 2018”** means Employees Stock Option Plan 2018 under which the Company is authorized to grant Employee Stock Options to the Employees.
- xiii. **“Exercise”** means making of an application by an Employee to the Company for issue of Equity Shares against Vested Options in pursuance of the ESOP - 2018, in accordance with the procedure laid down by the Company for such exercise.
- xiv. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Options vested in him in pursuance of the ESOP - 2018.



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- xv. **"Exercise Price"** means the price payable by an Employee in order to exercise the Options granted to him in pursuance of the ESOP - 2018.
- xvi. **"Fair Value of the Option"** means the value computed in respect of the Options granted based on the date of grant by use of mathematical/ statistical model such as Black Scholes.
- xvii. **"Grant"** means issue of Options to the Employees under the ESOP - 2018.
- xviii. **"General Meeting"** means an annual general meeting or an extraordinary general meeting held by the Company in compliance with the Companies Act, 2013.
- xix. **"Grantee"** means an Employee who receives an offer of Options from the Company or the Committee under the Scheme.
- xx. **"Long Leave"** means a sanctioned leave in excess of 60 days without break.
- xxi. **"Market Price"** means the latest available closing price, prior to the date of grant of Options by the Board/ Committee, on the recognized Stock Exchange on which the Shares of the Company are listed. In case Shares are listed on more than one Stock Exchange, then the closing price on the Stock Exchange where the highest trading volume on the said date shall be considered.
- xxii. **"Option"** means Employee Stock Option within the meaning of this Scheme.
- xxiii. **"Option Grantee"** means an Employee who has been granted an Employee Stock Option in pursuance of the ESOP - 2018.
- xxiv. **"Permanent Disability"** means any incapacity 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 Board/ Committee based on a certificate of a medical expert identified by the Company.



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xxv. **“Promoter”** shall have the same meaning as assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

xxvi. **“Promoter Group”** shall have the same meaning assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

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

xxvii. **“Retirement”** means retirement as per the rules of the Company.

xxviii. **“SEBI”** means the Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992.

xxix. **“SEBI (SBEB) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as amended and reenacted from time to time and includes any clarifications or circulars issued thereunder.

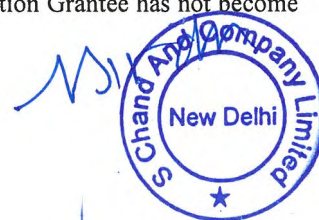
xxx. **“Shares”** means Equity Shares of the Company within the meaning of this Scheme.

xxxi. **“Stock Exchange”** means the National Stock Exchange of India, BSE Ltd, or any other Stock Exchange in India on which the Company’s Shares are listed or to be listed in future and shall have the same meaning attributed to it under Section 2(j) of the Securities Contracts (Regulation) Act, 1956.

xxxii. **“Scheme”** means S Chand - Employees Stock Option Plan 2018.

xxxiii. **“Subsidiary”** means a subsidiary of the Company as per the definition under Section 2 (87) of the Companies Act, 2013.

xxxiv. **“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.



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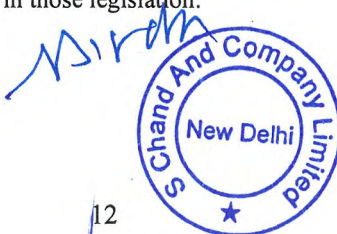
- xxxv. **“Vesting”** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP - 2018.
- xxxvi. **“Vesting Condition”** means any condition subject to which the Options granted would vest in an Option Grantee.
- xxxvii. **“Vesting Period”** means the period during which the vesting of the Employee Stock Option granted to the Employee, in pursuance of ESOP - 2018 takes place.
- xxxviii. **“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.

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) reference to Company shall refer to the Company and / or Subsidiary Company where the contexts so requires, in case Options are granted to the employees of Subsidiary Company in future.

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



3. Authority

- 3.1 On passing the special resolution dated September 25, 2018, the Company shall be authorized by the shareholders to issue to the Employees under ESOP- 2018, not exceeding 1,90,000 (One Lac Ninety Thousand Only) Employee Stock Options convertible into not more than 1,90,000 (One Lac Ninety Thousand Only) Shares of face value of Rs. 5/- (Rupees Five) each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Company, in accordance with the terms and conditions of such issue.
- 3.1.1 The maximum number of Options that shall be granted to any specific Employee of the Company or of its Subsidiary Company under ESOP - 2018, in any financial year and in aggregate under the ESOP - 2018 shall not exceed 1% of the issued Equity Share Capital (excluding outstanding warrants and conversions) of the Company, if the prior specific approval from members of the Company through a special resolution to this effect is not obtained. The appraisal process for determining the eligibility of the employees will be decided by the Committee from time to time.
- 3.2 If an Employee Stock Option expires, lapses or becomes un-exercisable due to any reason, it shall be brought back to the Employee Stock Options pool and shall become available for future grants, subject to compliance with the provisions of the Applicable Laws.
- 3.3 Where Shares are allotted consequent upon Exercise of an Employee Stock Option under the ESOP - 2018, the maximum number of Shares that can be allotted under ESOP - 2018 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares allotted.
- 3.4 In case of a Share split, merger, demerger, sale of division, consolidation, rights issues, bonus issues and other corporate actions, if the revised face value of an Equity Share is less or more, as the case may be, than the current face value as prevailing on the date of coming into force of this Scheme, the maximum number of Shares available under ESOP - 2018 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 split or consolidation remains unchanged after such split or consolidation.



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4. Administration

- 4.1 The ESOP - 2018 shall be administered by the Board or by the Committee as may authorize by the Board. All questions of interpretation of the ESOP - 2018 shall be determined by the Board/ Committee and such determination shall be final and binding upon all persons having an interest in the ESOP - 2018.
- 4.2 The Board/Committee shall in accordance with this Scheme and Applicable Laws determine the following:
- (a) The Eligibility Criteria for grant of Employee Stock Options to the Employees
 - (b) The quantum of Employee Stock Options to be granted under the ESOP - 2018 per Employee subject to ceiling specified in Sub-clause 3.1.1;
 - (c) Terms and conditions in respect of grant to, vest in and exercise of Options by the Employees;
 - (d) The procedure for making a fair and reasonable adjustment in case of corporate actions such as merger, demerger, sale of division, stock-split, stock consolidation, rights issues, bonus issues and others;
 - (e) The procedure and terms for the Grant, Vest and Exercise of Employee Stock Options in case of employees who are on long leave;
 - (f) Deciding on disallowance of options in case of misconduct on the part of Option Grantee;
 - (g) The procedure for Vesting in case of termination of employment, if required;
 - (h) The procedure for cashless exercise of Employee Stock Options, if required; and
 - (i) Approve forms, writings and/or agreements for use in pursuance of the ESOP - 2018.
- 4.3 The Board/Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India



(Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 by the Company and its Employees, as applicable.

5. Eligibility and Applicability

- 5.1 Only Employees within the meaning of this Scheme are eligible for being granted Stock Options under ESOP - 2018. The specific Employees to whom the Stock Options would be granted and their Eligibility Criteria would be determined by the Board/Committee.
- 5.2 The Scheme shall be applicable to the Company and any successor Company thereof, Subsidiary Companies and may be granted to the Employees and Directors of the Company, of the Subsidiary Company, as determined by the Board/Committee at its own discretion.

Provided that in case of any Grant of Option to the Employees of Subsidiary Company, prior approval of the Shareholders shall be obtained as per provisions of the Applicable Laws.

6. Vesting Schedule and Vesting Conditions

- 6.1 The options granted shall vest so long as an employee continues to be in the employment of the Company or the Subsidiary Company as the case may be. The Committee may, at its discretion, lay down certain performance metrics on the achievement of which such options would vest, the detailed terms and conditions relating to such vesting, and the proportion in which options granted would vest subject to the minimum vesting period of 1 (one) year.
- 6.2 The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee.
- 6.3 Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting. Vesting of options may occur in tranches or otherwise.



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6.4 Options granted under ESOP - 2018 would vest subject to maximum period of 5 (five) years from the date of grant of such options.

6.5 The specific vesting schedule and conditions subject to which vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of grant of Options.

7. Exercise

7.1 Exercise Price:

(a) The Exercise Price shall be determined by the Board/Compensation Committee on the basis of average closing market price of the shares in last two weeks from the date of grant and at a discount not exceeding 20% of such average closing market price. Further, such pricing will be in conformity with the prevalent regulatory requirements, Income tax laws and applicable accounting policies. No amount shall be payable by the option grantee at the time of grant.

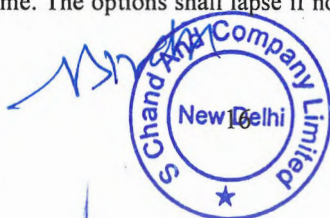
(b) Payment of the Exercise Price shall be made at the time of exercising the options by a crossed cheque or a demand draft drawn in favour of the Company, or by any other payment methods prevalent in RBI recognized banking channels or in such other manner and subject to such procedures as the Board/Committee may decide.

7.2 Exercise Period:

(a) While in employment:

(i) The Exercise period shall not be more than 5 years from the date of respective vesting of Options. The options granted may be exercised by the Grantee at one time or at various points of time within the exercise period as determined by the Committee from time to time.

(ii) The Vested options shall be exercisable by the employees by a written application (which will include making applications online using any ESOP administration software) to the Company expressing his/ her desire to exercise such options in such manner and on such format as may be prescribed by the Committee from time to time. The options shall lapse if not exercised within the specified exercise period.



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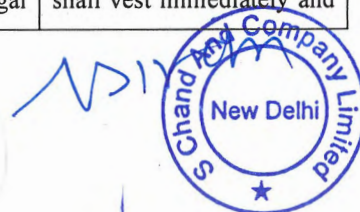
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(b) **Exercise Period in case of separations:** Options can be exercised as per provisions outlined below:

Sr. No.	Separations	Vested Options	Unvested Options
1	Resignation	All Vested Options as on date of submission of resignation may be exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
2	Termination (without Cause)	All Vested Options as on date of submission of resignation may be exercised by the Option Grantee on or before his last working day with the Company.	All Unvested Options on the date of submission of resignation shall stand cancelled with effect from that date.
3	Termination (with Cause)	All Vested Options which were not allotted 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 with effect from the termination date.
4	Retirement or early Retirement approved by the Company	All Vested Options as on date of retirement may be exercised by the Option Grantee within 6 months from the date of retirement.	All Unvested Options shall vest as per original vesting schedule and may be exercised by the Option Grantee within 6 months from the date of retirement.
5	Death	All Vested Options may be exercised by the Option Grantee's nominee or legal	All the Unvested Options as on the date of death shall vest immediately and

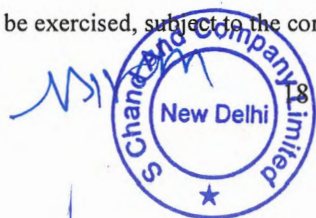


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		heir immediately after, but in no event later than 6 months from the date of Death.	may be exercised by the Option Grantee's nominee or legal heir/s within 6 months from the date of Death..
6	Permanent Disability	All Vested Options may be exercised by the Option Grantee or, if the Option Grantee is himself, unable to exercise due to such disability, the nominee or legal heir, immediately after, but in no event later than 6 months from the date of such disability.	All the Unvested Options as on the date of such Permanent Disability shall vest immediately and can be exercised by the Option Grantee or, if the Option Grantee is himself unable to exercise due to such incapacity, the nominee or legal heir immediately after, but in no event later than 6 months from the date of such disability.
7	Abandonment*	All the Vested Options shall stand cancelled .	All the Unvested Options shall stand cancelled .
8	Other reasons apart from those mentioned above	The Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of separation shall stand cancelled with effect from that date.

*The Board/Committee, at its sole discretion shall decide the date of cancellation of Option's and such decision shall be binding on all concerned.

7.3 In the event of transfer of an Employee from the Company to its Subsidiary Company, the Unvested Options as on the date of transfer, shall continue to vest as per the original vesting schedule and be exercised, subject to the compliance of the Applicable Laws.



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

8. Lock-in

8.1 Subject to Applicable Laws, the Shares issued upon exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such exercise.

Provided that the transferability of the Shares shall be subject to the restriction for such period in terms of the Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time or for such other period as may be stipulated from time to time in terms of Company's Code of Conduct for Prevention of Insider Trading.

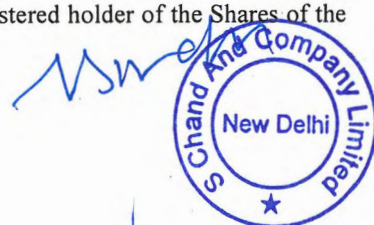
9. Exit route in case of de-listing

9.1 If the Company gets de-listed from all the recognized Stock Exchanges, then the Board 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 Laws.

10. Other Terms and Conditions

10.1 The Employee shall not have a right to receive any dividend or to vote or in any manner or enjoy the benefits of a Shareholder in respect of Employee Stock Options granted, till Shares underlying such Employee Stock Options are allotted by the Company on exercise of such Employee Stock Option.

10.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant unless the Option Grantee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.



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- 10.3 The Employee Stock Option shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.
- 10.4 If the Company issues bonus shares or rights shares, the Option Grantee shall not be eligible for the bonus or rights shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with clause 4.2 (c) of ESOP - 2018.
- 10.5 Employee Stock Options shall not be transferable to any person except in the event of death and permanent in-capacitance of the Option Grantee, in which case provisions in table under Sub-clause 7.2(b) would apply.
- 10.6 No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to Exercise the Employee Stock Option except in the event of the death and permanent in-capacitance of the Option Grantee, in which provisions in table under Sub-clause 7.2 (b) would apply.
- 11. Taxation**
- 11.1 The liability of paying taxes, if any, in respect of Employee Stock 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.
- 11.2 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 Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.
- 11.3 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.



12. Authority to vary terms

- 12.1 The Board/ Committee may, if it deems necessary, modify, change, vary, amend, suspend or terminate the ESOP - 2018, subject to compliance with the Applicable Laws and Regulations.

13. Miscellaneous

13.1 Government Regulations

The ESOP - 2018 shall be subject to all Applicable Laws to the extent applicable. The Grant of Options and allotment of Shares to the Employees under this ESOP – 2018 shall be subject to the Company requiring the Employees to comply with all Applicable Laws.

13.2 Inability to obtain authority

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

- 13.3 Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or shall in future have any such right, entitlement or expectation to participate in this Scheme by being granted an Employee Stock Option on any other occasion.

- 13.4 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

- 13.5 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 Employee Stock Option in whole or in part.



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13.6 Participation in ESOP - 2018 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Employee alone.

13.7 Insider Trading etc.

The Employee shall ensure that there is no violation of:

- (i) SEBI (Prohibition of Insider Trading) Regulations, 2015; and
- (ii) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and
- (iii) Any other regulations to prevent fraudulent or harmful practices relating to the Securities Market.

The Employee shall keep the Company, the Board, the Committee fully indemnified in respect of any liability arising for violation of the above provisions.

14. Accounting and Disclosures

14.1 The Company shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including but not limited to the Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Regulatory authorities from time to time, including the disclosure requirements prescribed therein.

14.2 The Company shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Company and salient features/Scheme document of the ESOP - 2018 in a format as prescribed under SEBI (SBEB) Regulations.

14.3 The Company shall disclose details of Grant, Vest, Exercise and lapse of the Employee Stock Options in the Directors' Report or in an annexure thereof as prescribed under SEBI (SBEB) Regulations or any other Applicable Laws as in force.



15. Certificate from Auditors

- 15.1 The Board shall at each annual general meeting place before the Shareholders a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI (SBEB) Regulations and in accordance with the resolution of the Company in the general meeting.

16. Governing Laws

- 16.1 The terms and conditions of the ESOP - 2018 shall be governed by and construed in accordance with the Applicable Laws including the Foreign Exchange Laws mentioned below.

16.2 Foreign Exchange Laws

In case any Employee Stock 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 Employee Stock Options and allotment of Equity Shares thereof.

17. Notices

- 17.1 All notices of communication required to be given by the Company to an Option Grantee by virtue of this ESOP - 2018 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; or
 - (ii) Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
 - (iii) Emailing the communication(s) to the Option Grantee at the official email address provided, if any, by the Company to the prospective /existing Option Grantee during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.



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- 17.2 Any communication to be given by an Option Grantee to the Company in respect of ESOP - 2018 shall be sent to the person at the address mentioned below or e - mailed at:

Designation : Company Secretary & Compliance Officer

Address : A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi-110044

Email : jsingh.del@schandgroup.com

18. Jurisdiction

- 18.1 The Courts/National Company Law Tribunal, as the case may be, in Delhi, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP - 2018.

- 18.2 Nothing in this Clause shall however limit the right of the Company to bring proceedings against any Employee in connection with this ESOP - 2018:

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

19. Severability

- 19.1 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 in which case the Scheme shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Scheme shall be carried out as nearly as possible according to its original intent and terms.

20. Confidentiality

- 20.1 An Option Grantee must keep the details of the ESOP – 2018 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



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that of its affiliates. In case Option Grantee is found in breach of this Clause on confidentiality, all unexercised Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Board shall have the authority to deal with such cases as it may deem fit.

- 20.2 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.

For S CHAND AND COMPANY LIMITED

Sd/-

Jagdeep Singh
Company Secretary & Compliance Officer

