



SHALBY LIMITED
EMPLOYEES STOCK OPTIONS SCHEME – 2021



PART A: STATEMENT OF RISKS

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

In addition, Options are subject to the following additional risks:

- 1. Concentration:** The risk arising out of any fall in value of Shares is aggravated if the Employee's holding is concentrated in the Shares of a single Company
- 2. Leverage:** Any change in the value of the Share can lead to a significantly larger change in the value of the Options.
- 3. Illiquidity:** The Options cannot be transferred to anybody and therefore the Employees cannot mitigate their risks by selling the whole or part of their benefits before they are exercised.
- 4. Vesting:** The Options will lapse if the employment is terminated prior to vesting. Even after the Options are vested, the unexercised Options may be forfeited if the Employee is terminated for gross misconduct.

PART B: INFORMATION ABOUT THE COMPANY

1. Business Profile of the Company

Shalby Limited was incorporated on August 30, 2004. Its CIN is L85110GJ2004PLC044667 and is presently having its office at Opposite Karnawati Club, Sarkhej Gandhinagar Highway, Near Prahaladnagar Garden, Ahmedabad, Gujrat – 380015, India.

Present Business activities of the Company are as follows:

Shalby Limited operates a chain of multi-specialty hospitals across India having an aggregate bed capacity of over 2100 hospital beds. Shalby's Centres of Excellence encompass a large range of specialties: Joint Replacement Surgery, Critical Care & Trauma, Spine Surgery, Neurology, and Neuro Surgery, Ortho-Oncology Surgery, Cardiology & Minimal Invasive Cardiac Surgery, Sports Injury, Kidney Transplant, Liver Transplant Counseling, Hepato-biliary Surgery, Pediatrics, Medical Oncology & Onco Surgery, Dental Cosmetics & Implantology, Ophthalmology, Plastic & Reconstructive Surgery, Rheumatology, Cosmetics & Dermatology, Homecare, Bariatric Surgery, Gynecology, IVF & Surrogacy Counselling, Homecare, etc. Specialty clinics for Stroke, Epilepsy, Acidity, Snore & Sinus, Glaucoma, Sleep Study, Diabetes, Liver, Kidney, Asthma, Fertility, Obesity, Hypertension, Radio Therapy and Radiosurgery etc. are other avenues of treatment at Shalby. Shalby's multi-specialty corporate hospital concept has been constantly getting appreciation from patients who get holistic expert healthcare solutions under one roof.

Main Objects of the Company as stated in the Memorandum of Association of the Company are as follows:

- 1.** To undertake, promote, assist, or engage in all kinds of research and development work required to promote, assist in, or engage in the establishment of hospitals, and setting up of manufacturing facilities and servicing facilities for medical equipment, medicines, pharmaceuticals, chemicals, artificial human body parts, and other applied goods and articles.
- 2.** To carry on the business of all kinds of hospitals, dispensaries, clinics, laboratories and health clubs and permissible services centre within hospital by the company.
- 3.** To design, import, export, buy, sell, install, maintain and improve all kinds of equipment and instrumentation for hospitals, dispensaries, clinics, laboratories and health clubs.
- 4.** To set up laboratories, purchase and acquire any equipment and instruments required for carrying our medical research.
- 5.** To carry on the business to establish, organize, acquire, undertake, promote, develop, own, run, manage, operate, administer home-based healthcare centres, chemist shops, blood banks, and to provide fully equipped intensive-care units reinforcement in medical emergency, doctor on call, to provide nurses on hourly basis, round the clock, to rent medical equipment and machineries, to provide on-line and off line, all types

of medicines and delivery at door step, basic and advanced life support, bed-to-bed services, fully equipped intensive-care unit backup stick, intra-aortic balloon pump facility, restorative help, and rescue vehicle that suits the necessities of individuals and association for all.

6. To carry on the business to promote, encourage, establish, develop, maintain, organize, undertake, manage, operate, conduct, and run medical academies and medical educational institutions, research centres, training facilities, coaching centres, and to provide a wide range of coaching and training for courses including paramedical, nursing, operation theatre technology, dialysis technology, medical laboratory technology, X-ray technology, radiography, medical imaging technology, and to issue certifications upon successful completion of training and coaching.

2. Abridged Financial Information

The abridged financial information for the last 5 (Five) years for which audited financial information is available along with last audited accounts on the website of the Company at a given below link: <https://www.shalby.org/investors/>

3. Risk Factors for the Company

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

3.1 Sensitivity to Foreign Exchange Fluctuation:

In this globalized world, the Company engages in financial transactions outside the Country and accordingly the Receipts will be based in the form of a currency which is not in Indian Denomination. Any appreciation/depreciation of the Indian currency or the depreciation / appreciation of the denominated currency will affect the cash flows emanating from that transaction.

3.2 Cost/ Time Overrun:

Controlling time and cost overrun of the operations is very crucial in achieving successful completion of any projects. In case there is extension in estimated time and cost beyond the projected limit can decrease the profits of the Company.

3.3 Industry Specific Risks:

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

3.4 Dynamic scenario:

Change in technology may render our current technology obsolete and require us to make substantial investment which could affect the Company finance and operation.

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

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

The government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business is also impacted by regulation and conditions in the various states in India where we operate. Since 1991, successive governments have pursued policies of economic liberalisation and financial sector reforms. However, there can be no assurance that such policies will be continued. Any political instability could affect the rate of economic liberalisation, specific laws and policies affecting foreign investment, the power industry or investment in our Equity Shares. A significant change in the government's policies, in particular, those relating to our field, could adversely affect our business, results of operations, financial condition and prospects and could cause the price of our Equity Shares to decline.

3.6 Risk arising from changes in interest rates and banking policies:

Increased interest rates will have a bearing on profitability and credit controls will have an effect on our liquidity and will have serious effects on adequate working capital requirements.

The above risks and uncertainties include but are not limited to risks and uncertainties relating to dependencies on few customers and suppliers, changes in the regulatory framework, adverse development in the any of the customer industries to whom substantial part of the product is given, downgrading of credit worthiness, political instability, legal restrictions and general economic conditions affecting the industry.

4. Continuing Disclosure Requirement:

The Grantee would be entitled to receive copies of all the documents that are sent to the Members of the Company. This shall include the annual accounts of the Company as well as notices of the meetings and the accompanying explanatory statements.

**PART C: SHALBY LIMITED
EMPLOYEES STOCK OPTIONS SCHEME – 2021**

1. Introduction:

- 1.1 This Scheme shall be called the “Shalby Limited Employees Stock Options Scheme – 2021” hereinafter referred as “Scheme”.
- 1.2 The Scheme was approved by the Board of Directors and the Shareholders of the Company on October 26, 2021 and December 3, 2021 respectively.
- 1.3 The Scheme shall be effective from December 3, 2021, being the date of Shareholders approval.

2. Term of the Scheme:

- 2.1 The Scheme shall continue in effect unless terminated by the Board of Directors.
- 2.2 Any such termination of the Scheme shall not affect Options already granted and such Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Grantee / Nominee / Legal Heirs and the Company.

3. Purpose of the Scheme:

- 3.1 The Purpose of the Scheme includes the followings:
 - 3.1.1 To motivate the Employees to contribute to the growth and profitability of the Company.
 - 3.1.2 To retain the Employees and reduce the attrition rate of the Company.
 - 3.1.3 To achieve sustained growth and the creation of Shareholder value by aligning the interests of the Employees with the long-term interests of the Company.
 - 3.1.4 To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come, and
 - 3.1.5 To provide additional deferred rewards to Employees.

4. Definitions:

- 4.1 In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against.

- 4.1.1** “**Abandonment**” means absence of an Employee from work without a reasonable excuse for a period of 30 days or more without having communicated to the Employer any reason of absence.
- 4.1.2** “**Applicable Law**” means every law relating to Employee Stock Option Schemes in force, including, without limitation to, Companies Act, 2013, SEBI (SBEB & SE) Regulations, as amended, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable.
- 4.1.3** “**Associate Company**” shall have the same meaning as defined in section 2(6) of the Companies Act, 2013, as amended from time to time.
- 4.1.4** “**Board of Directors**” means the Board of Directors of the Company.
- 4.1.5** “**Body Corporate**” shall have the same meaning as defined in section 2(11) of the Companies Act, 2013, as amended from time to time.
- 4.1.6** “**Cash Mechanism**” means a route under which the Grantee will receive the Shares equivalent to the number of the Options exercised after the Grantee has made the payment of the Exercise Price and applicable tax in accordance with the terms and conditions of the Scheme and as mentioned in grant letter.
- 4.1.7** “**Claw Back**” means a contractual agreement between the Grantee and the Company, being evidenced on the acceptance of the Grant, in which case the Grantee shall relinquish any benefit that accrued to or return any benefit that is received by such Grantee to the Company (directly / indirectly) under circumstances specified at the time of Grant of Options.
- 4.1.8** “**Committee**” means Nomination and Remuneration Committee of the Company, designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with SEBI (SBEB & SE) Regulations.
- 4.1.9** “**Company**” means Shalby Limited.
- 4.1.10** “**Corporate Action**” means a change in the capital structure of the Company as a result of Bonus Issue, Rights Issue, Split of Shares and Consolidation of Shares.
- 4.1.11** “**Directors**” shall have the same meaning as defined under section 2(34) of the Companies Act, 2013
- 4.1.12** “**Employee**” means

- (a) An Employee as designated by the Company, who is exclusively working in India or outside India; or
- (b) 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
- (c) an employee as defined in sub-clauses (a) or (b), of a group company including subsidiary or its associate company, in India or outside India, of the company, or of a holding company of the Company

but does not include

- (a) an employee who is a promoter or a person belonging to the promoter group; or
- (b) a director who either himself or through his relative or through any body corporate directly or indirectly, holds more than ten percent of the outstanding equity shares of the company.

4.1.13 “Eligibility Criteria” means the criteria, as may be determined from time to time by the Committee, for grant of Options.

4.1.14 “Exercise” means making an application, in such manner and in such format as may be prescribed by the Committee, from time to time, by the Grantee, to the Committee / Trust for transfer of Shares, against vested Options.

4.1.15 “Exercise Period” means the time period after vesting within which an Employee can exercise his/her right to apply for Shares against the vested Options.

4.1.16 “Exercise Price” means the price payable by the Grantee for exercising the Options vested in him in pursuance of the Scheme.

4.1.17 “Grant” means the issue of Options to the Grantee under the Scheme.

4.1.18 “Grant Date” means the date on which the Committee approves the Grant.

Explanation: For accounting purpose, the grant date will be determined in accordance with applicable accounting standards.

4.1.19 “Grantee” shall mean Employee to whom Options have been granted under the Scheme.

4.1.20 “Group” means two or more companies which, directly or indirectly, are in a position to-

- i. exercise twenty-six per cent. or more of the voting rights in the other company; or
- ii. appoint more than fifty per cent. of the members of the Board of Directors in the other company; or
- iii. control the management or affairs of the other company.

4.1.21 “Independent Director” shall have the same meaning assigned to it under the SEBI (LODR) Regulations, 2015.

4.1.22 “Market price” means the latest available closing price on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the relevant date.

Explanation – As the Shares of the Company are listed on more than one recognized stock exchange, then the closing price on the recognized stock exchange having higher trading volume shall be considered as the market price.

4.1.23 “Options / Employee Stock Options” means a right but not an obligation granted to a Grantee to purchase or subscribe at a future date, the Shares offered by the Company, directly or indirectly, at a pre- determined price, in accordance with this Scheme.

4.1.24 “Long Leave” means an approved leave taken by the Grantee for a period of more than three months out of twelve months starting from the date of grant / vesting, as the case may be.

Provided that the period of long leave shall not include the period in which the Grantee 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 Long Leave unless otherwise determined by the Committee.

4.1.25 “Permanent Incapacity” means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Company.

4.1.26 “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.

4.1.27 “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.

- 4.1.28 “Recognised Stock Exchange”** means a stock exchange which has been granted recognition under section 4 of the Securities Contracts (Regulation) Act, 1956.
- 4.1.29 “Relative”** shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, as amended from time to time.
- 4.1.30 “Relevant date”** means the date of the meeting of the Committee on which the grant is made.
- 4.1.31 “Scheme”** shall mean Shalby Limited Employees Stock Options Scheme – 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.
- 4.1.32 “SEBI (SBEB & SE) Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 4.1.33 “SEBI (LODR) Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 4.1.34 “Secondary Acquisition”** means acquisition of existing shares of the company by the trust on the platform of a recognised stock exchange for cash consideration.
- 4.1.35 “Shares”** means Equity Shares of the Company.
- 4.1.36 “Trust”** shall mean Shalby Limited Employees Welfare Trust established by the Company under the provisions of Indian Trust Act, 1882, including any statutory modification or re-enactment thereof, for implementing the Scheme.
- 4.1.37 “Unvested Option”** means an Option, which is not vested.
- 4.1.38 “Vested Option”** means an Option, which has vested in pursuance to the Scheme and has thereby become exercisable.
- 4.1.39 “Vesting”** means the process by which the Grantee becomes entitled to receive the benefit of a grant made to him under the Scheme.
- 4.1.40 “Vesting Date”** means the date on and from which the Option vests with the Grantees and there by becomes exercisable.

4.1.41 “Vesting period” means the period during which the vesting takes place.

4.1.42 “Whole Time Director” shall have the same meaning as defined in section 2(94) of the Companies Act, 2013, as amended from time to time.

Interpretation:

In this document, unless the contrary intention appears:

- a) The singular includes the plural and vice versa;*
- b) The word “person” includes an individual, a firm, a body corporate or unincorporated body or authority; and*
- c) Any word or expression importing the masculine, feminine or neutral genders only, shall be taken to include all three genders.*
- d) Any word which is not defined under the Scheme shall be interpreted in line with SEBI (SBEB & SE) Regulations.*
- e) Articles headings are for information only and shall not affect the construction of this document.*
- f) A reference to an article is respectively a reference to an article of this document.*
- g) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.*

5. Implementation & Administration:

5.1 The Scheme shall be implemented through Trust Route wherein the Trust shall acquire the Shares either from:

5.1.1. Secondary acquisition

5.1.2. Fresh allotment from the Company.

Provided that if prevailing circumstances so warrant, the Company may change the mode of implementation of the Scheme subject to the condition that a fresh approval of the Shareholders by a special resolution is obtained prior to implementing such a change and that such a change is not prejudicial to the interests of the Grantees.

5.2 The Shares so acquired by the Trust will be transferred to the Grantees as and when the Options are exercised.

5.3 Subject to applicable laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee which shall delegate the administrative powers to the Trust for proper administration of the Scheme.

5.4 The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.

- 5.5** Any decision of the Committee/Trust in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 5.6** The Committee shall subject to applicable laws, inter alia, have powers to do following:
- 5.6.1** To delegate its administrative powers to the Trust.
 - 5.6.2** To decide upon re-granting of the Options which were lapsed, forfeited or surrendered under any provisions of the Scheme.
 - 5.6.3** To increase or decrease the pool of Options to be granted under Scheme.
 - 5.6.4** To increase or decrease the pool of Shares to be issued under Scheme.
 - 5.6.5** To identify the Persons eligible to participate in the Scheme.
 - 5.6.6** To finalize the eligibility criteria for grant of Options.
 - 5.6.7** To determine the Employees eligible for grant of Options.
 - 5.6.8** To determine the number of Options to be granted to each Grantee and in aggregate subject to the pool of Options of the Scheme.
 - 5.6.9** To decide upon granting of Options to new Joinees.
 - 5.6.10** To determine the grant date.
 - 5.6.11** To grant Options to one or more eligible Employees.
 - 5.6.12** To calculate the exercise price after giving due discount or charging premium on the market price or average purchase price of the Shares of the Trust, as the case may be, if deems fit.
 - 5.6.13** To extend the period of acceptance of grant.
 - 5.6.14** To decide the vesting period subject to minimum and maximum period of vesting as stated in Scheme.
 - 5.6.15** To determine the vesting schedule for each Grantee.
 - 5.6.16** To decide upon the mode and manner of exercise.
 - 5.6.17** To decide upon treatment of vested and unvested Options in cases of cessation of employment as specified in the Scheme.
 - 5.6.18** To decide upon the treatment of vested and unvested Options in the event of Corporate Actions taking into consideration the following:
 - a.** the number and price of Options shall be adjusted in a manner such that the total value to the Grantee of the Options remains the same after the Corporate Action;
 - b.** the vesting period and the life of Options shall be left unaltered as far as possible to protect the rights of the Grantee who has been granted such Options.
 - 5.6.19** To cancel all or any granted Options in accordance with the Scheme.
 - 5.6.20** To modify the vesting schedule or accelerate the vesting of Options on a case to case basis, subject to completion of minimum 1 year from the date of grant.
 - 5.6.21** To decide upon treatment of vested and unvested Options in cases of dispute between the Grantee and Company.

- 5.6.22** To finalize letters and other documents, if any, required to be issued under the Scheme.
- 5.6.23** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- 5.6.24** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- 5.6.25** To determine or impose other conditions to the grant of Options under the Scheme, as it may deem appropriate.
- 5.6.26** To frame suitable policies and procedure to ensure that there is no violation of securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 as amended by the Company or the Employees.
- 5.6.27** To determine the procedure for funding the exercise of options.
- 5.6.28** To determine the procedure for buy-back of Options granted issued 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. minimum financial thresholds to be maintained by the Company as per its last financial statements; and
- iii. quantum of Options that the Company may buy-back in a financial year.

- 5.7** The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case, the said powers shall be exercised accordingly.
- 5.8** A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any Options to himself.

6. Pool of the Scheme:

- 6.1** The maximum number of Options that may be granted pursuant to this Scheme shall not exceed 1,000,250 (One Million Two Hundred and Fifty) which shall be convertible into equal number of Shares.
- 6.2** Out of the overall pool of 1,000,250 (One Million Two Hundred and Fifty) Shares, the Trust may acquire such quantity of Shares by the way of secondary acquisition and/or by fresh allotment as decided by the Committee, from time to time.
- 6.3** If any Option granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such Option shall be available for further grant under the Scheme

unless otherwise determined by the Committee.

- 6.4** Further, the maximum number of Options that can be granted and the Shares arise upon exercise of these Options shall stand adjusted in case of corporate action.
- 6.5** The Company reserves the right to increase or decrease such number of Options and Shares as it deems fit, in accordance with the applicable laws.

7. Shalby Limited Employees Welfare Trust:

- 7.1** Shalby Limited Employees Welfare Trust is the Trust established by the Company, which hold the Shares of the Company for the purpose of extending benefits of the Scheme to the Employees.
- 7.2** For the purpose of this Scheme, the Trust shall acquire the Shares of the Company either by secondary acquisition from the market or via fresh allotment from the Company. The said acquisition shall be in compliance with SEBI (SBEB & SE) Regulations and SEBI (Prohibition of Insider Trading) Regulations, 2015.
- 7.3** The Trust shall utilize such Shares for the purpose of transferring them to the Grantees upon exercise of the Options under the Scheme.
- 7.4** Company may implement several Employee Benefit Scheme through the Trust.
- 7.5** The Trust will keep and maintain proper books of account, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of Scheme.
- 7.6** Any person can be appointed as a trustee of the trust, except in cases where such person:
- is a Director, Key Managerial Personnel or Promoter of the Company or its Group Company including its Holding, Subsidiary or Associate Company or any relative of such Director, Key Managerial Personnel or Promoter; or
 - beneficially holds ten percent or more of the paid-up share capital or the voting rights of the Company.
- 7.7** The Trustees of the Trust, shall not vote in respect of the Shares held by such Trust, so as to avoid any misuse arising out of exercising such voting rights.
- 7.8** The Trustee shall ensure that appropriate approval from the Shareholders has been obtained by the Company in order to enable the Trust to implement the Scheme(s) and undertake secondary acquisition for the purposes of the Scheme(s).

- 7.9** The Trust shall not deal in derivatives, and shall undertake only delivery-based transactions for the purposes of secondary acquisition as permitted by SEBI (SBEB & SE) Regulations.
- 7.10** For the purposes of disclosures to the recognized stock exchange, the shareholding of the Trust shall be shown as 'non-promoter and non-public' shareholding.
- 7.11** The Trust shall transfer the Shares to Grantees for the purpose of this Scheme. The Trustee(s) of the Trust shall administer the transfer of Shares to the Grantee as per the directions of the Committee and as stipulated in the Scheme.
- 7.12** For the purpose of acquisition of Shares by the said Trust, the Trust may be funded by the Company, either through interest free loan or any other form of financial assistance permissible under Applicable Laws. Further, the Trust may take loan from banks or any other person/source under Applicable Laws.
- 7.13** The amount of interest free loan to be provided for implementation of the Scheme by the Company to the Trust shall not exceed 5% of the paid-up equity capital and free reserves as provided in Companies Act, 2013. The loan shall be repayable by the Trust in quarterly intervals subject to availability of the funds received pursuant to exercise of stock options under the Scheme and in accordance with the relevant provisions of the applicable laws & regulations. The utilization of such loan shall be for the objects of the Trust as mentioned in the trust deed. The Trust shall repay the loan to the Company by utilising the proceeds realised from exercise of Options by the Grantees and the accruals of the Trust at the time of duration or termination of the Scheme.
- 7.14** Provided that the above limit of 5% shall be taken on consolidated basis for all Employee Benefit Scheme(s) as may be undertaken by the Company from time to time.
- 7.15** The Trust shall not become a mechanism for trading in Shares and hence shall not sell the Shares in the secondary market except as provided in Regulation 3(15) of SEBI (SBEB & SE) Regulations.
- 7.16** The Trust shall acquire the Shares subject to the limits as prescribed under SEBI (SBEB & SE) Regulations, from time to time.
- 7.17** The un-appropriated inventory of Shares which are not backed by grants, acquired through secondary acquisition by the Trust, shall be appropriated latest by the end of the subsequent financial year or any other time period as specified by SEBI (SBEB) Regulations or the second subsequent financial year subject to approval of the Committee for such extension to the second subsequent financial year.
- 7.18** The Trust shall be required to hold the Shares acquired through secondary acquisition for a minimum period of six months, except under the circumstances as defined in SEBI (SBEB &

SE) Regulations, before the same can be transferred to the Grantees upon exercise of Options under the Scheme.

8. Eligibility Criteria's:

8.1 The Committee may on the basis of all or any of the following criteria, decide on the Employees who are eligible for the grant of Options under the Scheme and the terms and conditions thereof.

- Loyalty: It will be determined on the basis of tenure of employment of an Employee in the Company / Group Company / Holding Company / Subsidiary Company.
- Performance of Employee: Employee's performance during the financial year in the Company / Group Company / Holding Company / Subsidiary Company on the basis of decided parameters.
- Performance of Company: Performance of the Company as per the standards to be set by the Committee / Board of Directors from time to time.
- Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.

8.2 The Employees satisfying the eligibility criteria shall be termed as eligible Employee.

8.3 New Joinees can also participate in the Scheme and be granted Options based upon the discretion of the Committee.

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

9. Grant of Options:

9.1 The Committee shall grant Options to one or more eligible Employees, in accordance with the terms and conditions of the Scheme for the time being in force and subject to Employee's employment terms or his continuity in the employment.

9.2 Subject to availability of Options in the pool under the Scheme, the maximum number of Options that can be granted to any eligible Employee during any one year shall not be equal to or exceeding 1% of the issued capital of the Company at the time of grant. The Committee may decide to grant such number of Options equal to or exceeding 1% of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.

9.3 The grant of Options shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of Options granted, exercise price, vesting schedule, and the other terms and conditions thereof.

- 9.4 No amount shall be payable by an Employee at the time of grant of Options.
- 9.5 Upon grant, an eligible Employee shall become Grantee under the Scheme.
- 9.6 Subject to the corporate action(s) taken by the Company, if any, the grant of 1 (One) Option to an Employee under this Scheme shall entitle the holder of the Option to apply for 1 (One) Share in the Company upon payment of exercise price, applicable taxes and other charges, if any.
- 9.7 The Options granted to the eligible Employees shall not be transferable to any other person.
- 9.8 The Options granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner.

10. Method of Acceptance:

- 10.1 Any Grantee who wishes to accept the grant made pursuant to the Scheme, must deliver a signed copy of grant letter to the Committee or any of its authorized representatives within 30 (Thirty) days from the date of receipt of the grant letter. The Committee may extend the said period of 30 (Thirty) days for such duration as it may deem fit for the benefits of the Grantees.
- 10.2 Any Grantee who fails to return the signed copy of grant letter and/or fails to provide his acceptance within the above-mentioned time period shall, unless the Committee determines otherwise, be deemed to have rejected the grant and the Company is not liable to pay any such amount on such rejection.
- 10.3 The Grantee is not required to pay any amount at the time of acceptance of the grant.
- 10.4 Subject to the terms contained herein, the acceptance in accordance with this article, of a grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each Option shall, on such acceptance, be an unvested Option.

11. Vesting of Options:

- 11.1 Vesting period shall commence from the grant date, subject to minimum of 1 (One) year from the grant date and a maximum of 3 (Three) years from the grant date, at the discretion of and in the manner prescribed by the Committee.

Provided further that in the event of death or permanent incapacity of a Grantee, the minimum vesting period of one year shall not be applicable and in such instances, the Options shall vest in terms of SEBI (SBEB & SE) Regulations, on the date of the death or permanent incapacity.

- 11.2 Vesting of Options can vary from Grantee to Grantee as per the discretion of the Committee

whose decision shall be final and binding.

- 11.3** The vesting schedule will be clearly defined in their grant letter of respective Grantees subject to minimum and maximum vesting period as specified in article 11.1 above.

However, the suggestive vesting schedule is as follow:

| Time Period | % of Options to be vested |
|--|----------------------------------|
| At the end of 1 st year from the grant date | 20% of the Options Granted |
| At the end of 2 nd year from the grant date | 35% of the Options Granted |
| At the end of 3 rd year from the grant date | 45% of the Options Granted |

- 11.4** The vesting would be subject to the continued employment of the Grantee.
- 11.5** The Committee shall have the power to modify or accelerate the vesting schedule on a case-to-case basis subject to the minimum gap of 1 (One) Year between the grant and first vesting.
- 11.6** Further any fractional entitlement, to which the Grantee would become entitled to upon vesting of Options, then the Options to be actually vested be rounded off to the nearest lower integer.
- 11.7** The vesting of Options shall be communicated to the eligible Grantees in writing through vesting letter.

12. Exercise of Options:

- 12.1** After vesting, Options can be exercised within 1 (One) year from the date of last vesting, through cash mechanism after submitting the exercise application along with payment of the exercise price, applicable taxes and other charges, if any. The Vested Options can only be exercised wholly and not in part.
- 12.2** Failure to comply within this time period, shall result in lapsing of vested Options in the hands of Grantee.
- 12.3** The mode and manner of the exercise shall be communicated to the Grantees individually.
- 12.4** Upon valid exercise, the Trust will transfer Shares to the Grantees.
- 12.5** Upon such transfer the Grantee shall become a member of the Company.
- 12.6** The Grantee may avail the financing facility if provided by the Company either through its own or from any third party, from time to time. In such case, transfer of Shares shall be made only after the receipt of Exercise Form, Exercise Price, applicable Income Tax and other charges, if any.

- 12.7** Notwithstanding anything contained elsewhere in the Scheme, the Trust in consultation with the Company, may not transfer Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, moral turpitude, misconduct, gross negligence, breach of trust and in such an event(s) the rights under the Options (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
- 12.8** If the vesting or exercise of Options is prevented by any law or regulation in force and/or the Trust is forbidden to transfer the Shares pursuant to exercise of Options under such law or regulation, then in such an event the Company or the Trust shall not be liable to compensate the Grantee in any manner whatsoever.
- 12.9** The Committee shall have the power to cancel all or any of the Options granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.

13. Exercise Price:

- 13.1** Under this Scheme, the exercise price of the Shares will be decided by the Committee and will either be:
- 13.1.1** In case the Shares acquired by the Trust is from secondary acquisition then the exercise price will be decided on the basis of the average purchase price of the Shares of the Trust or the market price.
- 13.1.2** In case the Shares acquired by the Trust is from fresh allotment then the exercise price will be based upon market price.
- 13.2** The Committee has a power to provide suitable discount or charge premium on such price as arrived above However, in any case the exercise price shall not go below the par value of Share of the Company.
- 13.3** Further, Committee has the power to re-price the grants in future if the grant made under the Scheme is rendered unattractive due to the fall in the market price of Shares, after complying the conditions as mentioned in the SEBI (SBEB & SE) Regulations.
- 13.4** The aggregate exercise price payable at the time of exercise shall be paid by the Grantee (*not opting for financing options*), by NEFT to the Trust i.e. Shalby Limited Employees Welfare Trust. However, in case the Grantee has availed financing option as stated in Article 12.6, the aggregate exercise price shall be paid at any time before transfer of shares as per the terms and conditions of financing.

13.5 The tax amount arising at the time of exercise of Options shall be paid by the Grantee (*not opting for financing options*) at the time of exercise via NEFT to the Company i.e. Shalby Limited. However, in case the Grantee has availed financing option as stated in Article 12.6, the aggregate income tax shall be paid at any time in the month of exercise before transfer of shares as per the terms and conditions of financing.

14. Cessation of Employment:

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

14.1 In the event of cessation of employment due to death

- a) All Options granted as on date of death would vest in the Legal Heirs / Nominee of the Grantee on that day. The Options would be exercisable by the Legal Heirs / Nominee within a period of 3 (Three) months from the date of death or expiry of exercise period, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.
- b) All other terms and conditions of the Scheme shall apply to such Options. Provided that, in order to exercise the Options of the deceased Grantee, the Legal Heirs / Nominee have to submit the following documents to the Company, to the satisfaction of the Committee and the Committee may at its discretion waive off the requirement to submit any of the documents:
 - A. **In case nominee is not appointed**
 - Copy of the succession certificate / probate of will / letter of administration.
 - No objection certificate from the other legal heirs.
 - Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
 - Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
 - Copy of PAN card of the applicant (self – attested).
 - Copy of address proof (self – attested)
 - B. **In case nominee is appointed**
 - Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
 - Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
 - Copy of PAN card of the applicant (self – attested).
 - Copy of address proof (self – attested)

14.2 In the event of cessation of employment due to Permanent Incapacity:

All Options granted to Grantee as on date of permanent incapacity would vest in Grantee on that day. The Options would be exercisable within a period of 3 (Three) months from the date of permanent incapacity or expiry of exercise period, whichever is earlier, failing which all the unexercised Options shall lapse irrevocably and the rights there under shall be extinguished.

14.3 In the event of cessation of employment due to resignation or termination *(not due to misconduct, moral turpitude or ethical/ compliance violations or like event)*

- a) All unvested Options, on the date of cessation, shall expire and stand terminated with effect from that date unless otherwise determined by the Committee whose decision will be final and binding.
- b) All vested Options shall be exercisable by the Grantee by the last working day in the Company or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.

14.4 In the event of cessation of employment due to retirement/superannuation

- a) All unvested Options, on the date of cessation, shall continue to vest in accordance with the respective vesting schedules even after retirement or superannuation unless otherwise determined by the Committee whose decision will be final and binding.
- b) All vested Options shall be exercisable by the Grantee by the last working day in the Company or before expiry of exercise period, whichever is earlier. The vested Options not so exercised shall lapse irrevocably and the rights there under shall be extinguished.

14.5 In the event of cessation of employment due to termination *(due to misconduct, moral turpitude or ethical/ compliance violations or like event)*

All Options granted whether vested or not shall stand terminated with immediate effect unless otherwise determined by the Committee, whose determination will be final and binding.

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

14.7 In the event of abandonment of service by an Option Holder, all Options (Vested Options or Unvested Options) at the time of abandonment of service, shall stand terminated forthwith. The date of abandonment of service by the Option Holder shall be decided by the Committee

at its sole discretion which decision shall be binding on such Option Holder.

- 14.8** In the event of a Grantee going on **Long Leave**, the treatment of Options granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final & binding.

Provided that, the Grantee's service with the Company shall not be deemed to terminate if the Grantee takes any sick leave or any other bona fide leave of absence approved by the Company for 3 (three) months or less. In the event of the leave of absence in excess of 3 (three) months, such leave of absence will not be treated as continuous service, unless decided otherwise by the Committee.

- 14.9** In the event that a 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 Grantee.

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

- 14.11** The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 14.1 to 14.10.

15. Lock in requirements:

- 15.1** The Shares transferred to the Grantees pursuant to exercise of Options may be put under lock-in for a maximum period of 2 (Two) years from the date of transfer at the discretion of the Committee.

16. Claw back:

- 16.1** All the Options granted under this Scheme, shall be subject to the Claw back arrangements in the circumstances as specified at the time of Grant of Options, if any.

17. Terms and conditions:

- 17.1** Nothing herein is intended to or shall give the Grantee, any right to status of any kind as a Shareholder of the Company in respect of any Share covered by the grant unless the Grantee exercises the Options and becomes the registered Shareholder of the Company.

- 17.2** The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise Options in whole or in part.

17.3 The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme will be the difference between the market value of Company's Share on the Stock Exchanges as on the Date of Exercise of Options and the Exercise Price paid by the Employee.

17.4 The Grantee shall abide by the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as may be amended from time to time, Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015. Further, The Grantee/ Option Holder shall indemnify and keep indemnified the Company in respect of any direct or indirect liability arising as a result or consequence of the violation of above, if applicable.

18. Notices and correspondence:

18.1 Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company / Committee at the corporate office or registered office of the Company or at the place as may be notified by the Company / Committee in writing or at the specific designated email id of the Company.

18.2 Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and a Grantee shall be given or made by the Company or the Committee on behalf of the Company at the address as stated in the official records of the Company or at the official email Id of the Grantee.

19. Nomination of Beneficiary:

19.1 Each Grantee under the Scheme may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his or her death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Grantee, shall be in a form prescribed by the Company and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.

19.2 If the Option Holder fails to make a nomination, the Shares shall Vest on his/her legal heirs in the event of his/her death.

20. Corporate Action:

20.1 Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number and price of Options or Shares, as the case may be, in the event of 'corporate action' as defined herein.

- 20.2** If there is a 'corporate action' of the Company before the Options granted under this Scheme are exercised, the Grantee shall be entitled on exercise of the Options, to such number of resultant Shares to which he/she would have been entitled as if all of the then outstanding Options exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the Options shall stand correspondingly adjusted. In the event of a corporate action, the Committee, subject to the provisions of applicable laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of Options, exercise price and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the Options shall be left unaltered as far as possible.
- 20.3** In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Scheme of such reconstitution / amalgamation / sell-off not prejudicial to the interest of the Grantee.
- 20.4** In the event of a dissolution or liquidation of the Company, any vested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.

21. Disclosure and Accounting Policies:

- 21.1** The Company shall comply with the requirements of IND – AS 102 and shall use Fair value method and the fair value of Options would be calculated as per the prescribed method under the applicable regulations.
- 21.2** Compensation cost will be booked in the books of account of the Company over the vesting period.

22. Taxability on the Grantee:

- 22.1** The exercisable Options are subject to the applicable provisions of the Income tax Act, 1961.

There would be following points of Taxation on the Grantee:

- **Point 1:** At the time of exercise, the difference between the Market Price of the Shares as on date of exercise and the Exercise Price will be added as a perquisite under salary in the month of exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.
Eg: Exercise Price= Rs. 25 per option / Market Price of share on exercise = Rs. 100 per shares / Perquisite = Rs.100 – Rs.25 = Rs.75/- per share.
Suppose employee falls in 30% slab, his perquisite tax will be Rs.23/-

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

23. Surrender of Options:

23.1 Any Grantee to whom the Options are granted under this Scheme, may at any time, surrender his Options to the Company. In such case the Company would not be liable to pay any compensation to the Grantee on account of his surrender of Options. The Options so surrendered will be added back to the pool of the Scheme and pursuant to this, the Grantee shall cease to have all rights and obligations over such Options.

24. Dispute:

24.1 In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

24.2 In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by Managing Director of the Company. The arbitration proceedings shall be held in Ahmedabad, Gujrat under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Ahmedabad, Gujrat.

25. Governing Law:

25.1 This Scheme and all related documents there under shall be governed by and construed in accordance with the SEBI (SBEB & SE) Regulations and other applicable laws of India.

25.2 Any term of the Scheme that is contrary to the requirement of the SEBI (SBEB & SE) Regulations or any other applicable laws shall not apply to the extent it is contrary.

25.3 The Courts at Ahmedabad, Gujrat shall have exclusive jurisdiction on any matter arising out of this Scheme.

26. Regulatory Approvals:

26.1 The implementation of the Scheme, the Granting of any Options under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Grantee / Nominee / Legal Heirs of all approvals and permits, if any, required by any

regulatory authorities having jurisdiction over the Scheme. The Grantee / Nominee / Legal Heirs under this Scheme will, if requested by the Committee / Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

27. Modification of Scheme:

27.1 Subject to the applicable laws, the Committee may, at any time:

27.1.1 Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee;

27.1.2 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Grantee or class or category of Grantees. Each of such sets of special terms and conditions shall be restricted in its application to those specific Grantee or class or category of such Grantees.

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

28 Confidentiality:

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

***** **End of the Scheme** *****