

# **NALWA SONS INVESTMENT LIMITED**

**Regd. Office: Delhi Road, Hisar – 125 005 (Haryana)**

**Corporate Office: Jindal Centre, 12 Bhikaiji Cama Place, New Delhi 110 066**

## **EMPLOYEE STOCK PURCHASE SCHEME 2005**

### **CHAPTER 1 TITLE**

This Scheme shall be called the Nalwa Sons Investment Limited – Employees Stock Purchase Scheme 2005.

### **CHAPTER 2 AUTHORITY AND EFFECTIVE DATE**

This Scheme is in accordance with the provisions of the Companies Act, 1956, as amended read with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended and all other regulations and provisions of law for the time being in force, and shall be subject to any modifications or amendments thereof effected from time to time by way of an ordinance or legislative enactment.

This Scheme shall be deemed to be effective as of the date it is approved by the members of the Company at a General meeting.

### **CHAPTER 3 OBJECTIVES**

1. To provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company;
2. To motivate the employees of the Company with incentives and reward opportunities;
3. To achieve sustained growth of the Company and the creation of shareholder value by aligning the interests of the employees with the long term interests of the Company; and
4. To create a sense of ownership and participation amongst the employees.

### **CHAPTER 4 DEFINITIONS AND INTERPRETATION**

In this Scheme the following expressions, including their grammatical variations and cognate expressions shall, unless repugnant to the context or meaning thereof, have the meaning assigned to them respectively hereunder:

1. “Act” means the Companies Act, 1956 (1 of 1956) or any statutory modification or re-enactment thereof.
2. “Board of Directors” or “Board” means the Board of Directors for the time being of the Company or any Committee thereof.

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3. “Company” means Nalwa Sons Investment Limited, a company incorporated under the Act and having its registered office at Delhi Road, Hisar – 125 005.
4. “Employee” means
  - a) a permanent employee of the Company working in India or out of India; or
  - b) a director of the Company, whether a whole time director or not, holding directly or indirectly less than 10% of the outstanding Shares of the Company; or
  - c) an Employee as defined in sub-clauses (a) and (b) of a subsidiary of the Company, in India or out of India.
5. “Employee Compensation” shall mean the total cost incurred by the Company towards employee compensation including basic salary, dearness allowance, other allowances, bonus and commission including the value of all perquisites provided, but does not include discount at which shares are issued under this Scheme.
6. “Offer of Shares” means and includes a letter in writing from the Company communicating, among other things, the number of equity Shares to which an Employee is entitled to apply for and seek allotment thereof.
7. “Promoter” shall have the meaning ascribed to it under the SEBI Guidelines.
8. “Promoter Group” shall have the meaning ascribed to it under the SEBI Guidelines
9. “SEBI Guidelines” shall mean the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended.
10. “Share” means equity shares of the Company
11. “Share Price” means the price per share to be paid by the Employees for the purchase of the Shares pursuant to the Offer of Shares.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; the Securities and Exchange Board of India Act, 1992 the Securities Contracts (Regulation) Act, 1956. SEBI (Disclosure and investor protection) Guidelines or any statutory modifications or re-enactments thereof as the case may be.

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## CHAPTER 5 ELIGIBILITY

1. Except as prohibited in Clauses 2 and 3 hereinafter, all Employees as defined in Clause 4 of Chapter 4 shall be eligible to participate in this Scheme (“Eligible Employees”).
2. An Employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the Scheme.
3. A director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding Shares of the Company shall not be eligible to participate in the Scheme.
4. The Board shall, within the parameters set out above, determine and decide the date and criteria for determining Eligible Employees for the purpose of entitlement to shares offered under the prevalent practices in the industry, overall industry scenario and the conditions of the capital market.
5. The Board shall, based on the various criteria, including one or more of the following but not limited to :
  - (i) future performance potential of the Eligible Employee;
  - (ii) grade and merit of the Eligible Employee;
  - (iii) the criticality of the Eligible Employee in furthering Company’s interests,

decide on which of the Eligible Employees should be offered Shares under this Scheme. Accordingly the Board shall make an offer, in writing, to such Employees detailing the number of shares and the price as which the offer is made under the terms and conditions of the Scheme. The Board of Directors may in its absolute discretion vary or modify such criteria and/or selection and/or the terms and conditions.

## CHAPTER 6 ENTITLEMENT TO SHARES

The maximum number of shares to which each category (grade wise) of Eligible Employees is entitled is given hereunder: -

Sl. No.	Category	Maximum No. of Shares Entitlements
1.	Sr. Executive	45,000
2.	Executive	42,000
3.	Jr. Executive	41,000
4.	Employees of Subsidiary	41,000

Notwithstanding anything herein contained, the total number of equity shares that may be issued under the Scheme will not be more than 7,70,424 equity shares.

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## **CHAPTER 7 PRICING OF SHARES**

The price of the Shares to be allotted under the Scheme to the Eligible Employees of the Company shall be Rs. 10 per Share.

## **CHAPTER 8 MODE OF APPLYING FOR SHARES**

1. The Employees to whom Shares are offered under the Scheme shall make an application to the Company in the prescribed Application Form along with payment of the total amount of the Share Price for upto the maximum number of Shares for which the offer has been made.
2. The payment shall be made by way of demand draft / local cheques drawn in favour of the Company i.e. Nalwa Sons Investments Limited or in favour of such trust or other entity as the Board may specify while making the offer and payable at Hisar / Delhi or by cash.
3. The period within which the application for seeking allotment (for the purpose of the Scheme, the term “allotment” to include transfer) of shares under this Scheme should be submitted by the Employees shall be decided by the Board.
4. The Board shall have, in its absolute discretion, the right to reject any application which is not complete in all respects. The application money received, if any, in respect of such rejected applications shall be refunded to the Employees within a period of 5 days after the date of rejection of the application.

## **CHAPTER 9 ALLOTMENT OF SHARES**

On receipt of application(s) complete in all respects as stated above, the Board shall make an allotment of Shares either directly from the Company or through a trust or any other mechanism as permissible under law. The Employees shall have the option to hold the Shares in physical form by way of share certificates or in electronic form with any of the depositories registered with the SEBI.

## **CHAPTER 10 LISTING OF THE SHARES**

If not already listed, the Shares to be allotted under this Scheme shall be listed immediately upon allotment on the stock exchange(s) where the Shares of the Company are listed. As and when applicable, the Company shall make an application to the appropriate authorities and obtain the approval in-principle from the stock exchanges where it proposes to list the Shares allotted under this Scheme.

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## **CHAPTER 11 RIGHTS OF THE SHAREHOLDERS**

Upon allotment of shares, the applicant Employees shall become members of the Company and shall be entitled to all the rights of a member including with respect to voting rights, receipt of dividend, etc. The Shares to be allotted shall rank pari-passu in all respects with the outstanding Shares of the Company.

## **CHAPTER 12 LOCK IN OF SHARES**

The Shares allotted in terms of this Scheme to the Employees shall not be transferred for a period of one (1) year from the date of allotment thereof.

## **CHAPTER 13 CESSATION OF EMPLOYMENT**

On cessation of the employment of an Employee on account of resignation, termination, death or for any other reason after an application has been made for allotment of Shares under this Scheme, but prior to allotment of such Shares by the Company, the Employee shall not be entitled to any Shares. The application made for allotment of Shares shall be rejected on occurrence of any of the aforesaid events and the application money shall be refunded to the Employee.

## **CHAPTER 14 DISCLOSURE AND ACCOUNTING POLICIES**

In the implementation of the Scheme, the Company shall conform to the disclosure and accounting policies specified under the SEBI Guidelines, as may be applicable.

## **CHAPTER 15 LOAN FACILITY**

The Board may, at its discretion, decide to grant loans to the Employees for subscribing to Shares under this Scheme in accordance with the provisions of the Act and other applicable law.

The Board may also decide to grant loans or any other form of financial assistance to a trust or any other entity to acquire, purchase or subscribe to the Shares (in case the Scheme is administered through the trust or any other entity) in accordance with the provisions of the Act and other applicable law.

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## **CHAPTER 16 SHAREHOLDERS' APPROVAL**

As soon as may be possible the Company shall seek the approval of the shareholders to issue shares to Employees under this Scheme, by way of special resolution(s) by calling an extraordinary general meeting (EGM)/ annual general meeting (AGM) of the members of the Company, as required under applicable laws.

## **CHAPTER 17 NO EMPLOYMENT RIGHTS CONFERRED**

Nothing contained herein shall give or confer upon any Employee the right to continuation of any employment with the Company or interfere in any way with the right of the Company to terminate the employment of such Employee at any time and for any reason whatsoever.

## **CHAPTER 18 AMENDMENT OR TERMINATION OF THE SCHEME**

The Board in its absolute discretion may from time to time amend, alter or terminate the Scheme or the terms and conditions thereof. Provided that the Board shall not, without the approval of the shareholders of the Company, amend the Scheme to increase the aggregate number of Shares which may be issued pursuant to the provisions of the Scheme, except as otherwise stated elsewhere in this Scheme.

Without prejudice to the above, the Board may without any reference to or consent of the Employee concerned, amend the Scheme to comply with any statute, regulation or guideline, which is or may hereinafter, become applicable to this Scheme.

## **CHAPTER 19 NEW SCHEMES**

Nothing contained in the Scheme shall be construed to prevent the Company directly or through any trust settled by the Company, from implementing any other new scheme for granting stock options and/or share purchase rights, which is deemed by the Company to be appropriate or in the best interests of its employees, whether or not such other action would have any adverse impact on this Scheme. No Employee or other person shall have any claim against the Company and/or any trust as a result of such action.

## **CHAPTER 20 GOVERNING LAW**

The Scheme shall be construed in accordance with the laws of India. All disputes arising out of or in connection with the Scheme shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The venue of arbitration shall be Hisar, Haryana, India.