



## S Chand And Company Limited

Registered Office: A-27, 2nd Floor, Mohan Co-Operative Industrial Estate, New Delhi - 110044, India.

P: +91 11 4973 1800 | F: +91 11 4973 1801 | E: info@schandgroup.com | www.schandgroup.com

Date: January 27, 2021

To Listing Department BSE Limited 25 <sup>th</sup> Floor, P J Towers, Dalal Street, Mumbai, Maharashtra 400001	To Listing Department, National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai, Maharashtra 400051
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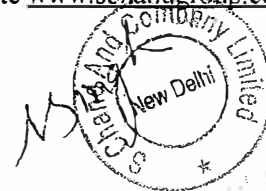
Dear Sir,

### **Re: Postal Ballot Notice of S Chand And Company Limited ("the Company")**

This is to inform you that pursuant to Section 110 of The Companies Act, 2013 read with The Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, General Circular No.14/2020 dated April 08, 2020 read with General Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs ("MCA Circulars") and pursuant to other applicable laws and regulations, the Company is seeking approval of its members for the resolutions appended below through postal ballot by way of electronic means through remote e-voting:

S. No.	Description of Resolutions
1.	Appointment of M/s Walker Chandok & Co LLP, Chartered Accountants (Firm Registration No: 001076N/N500013) as Statutory Auditors of the Company to fill the casual vacancy
2.	Transfer of Mylestone and Learnflix businesses of the Company to Convergia Digital Education Private Limited
3.	Amendment in S Chand - Employees Stock Option Plan 2018

Pursuant to Regulation 30 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Postal Ballot Notice alongwith Explanatory Statement is enclosed herewith. The same is being made available on the Company's website [www.schandgroup.com](http://www.schandgroup.com).



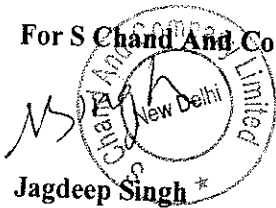
In terms of the MCA Circulars, the Company has completed the dispatch of Postal Ballot Notice alongwith the Explanatory Statement on January 27, 2021 through email to all the members who have registered their email addresses with the Company or depository participant/depository as on the cut-off date i.e. January 22, 2021. The physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the members for this Postal Ballot.

The Company has appointed Link Intime India Private Limited ("**Link Intime**") for the purpose of providing e-voting facility to the members of the Company. The remote e-voting facility shall commence on Thursday, January 28, 2021 (9:00 a.m.) and ends on Friday, February 26, 2021 (5:00 p.m.). During this period the members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date January 22, 2021, may cast their vote electronically. The e-voting module shall be disabled by Link Intime for voting thereafter; and

The Company has appointed Mr. R.S. Bhatia, Company Secretary in Practice as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

Request you to kindly take note of the above.

For S Chand And Company Limited



**Jagdeep Singh \***  
**Company Secretary & Compliance Officer**  
**Membership No. A15028**  
**Address: A-27, 2<sup>nd</sup> Floor,**  
**Mohan Co-operative Industrial Estate,**  
**New Delhi-110044**

Encl: as above

**S Chand And Company Limited**

[CIN: L22219DL1970PLC005400]

**Registered Office:**

A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate, New Delhi-110044

**E-mail:** [investors@schandgroup.com](mailto:investors@schandgroup.com); **Website:** [www.schandgroup.com](http://www.schandgroup.com)

**NOTICE OF POSTAL BALLOT**

[Pursuant to Section 110 of The Companies Act, 2013, read with The Companies (Management and Administration) Rules, 2014, as amended from time to time]

Dear Members,

Notice is hereby given that pursuant to Section 110 of The Companies Act, 2013 (“**the Act**”) read with The Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and pursuant to other applicable laws and regulations, S Chand And Company Limited (“**the Company**”) is seeking approval of its members for the resolutions appended below through postal ballot by way of electronic means through remote e-voting. The Explanatory Statement pursuant to Section 102 of the Act pertaining to the said resolutions setting out material facts and the reasons for the resolutions is also annexed.

In terms of the Circulars issued by the Ministry of Corporate Affairs (“**MCA**”) i.e. General Circular No.14/2020 dated April 08, 2020 read with General Circular No.17/2020 dated April 13, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020 and General Circular No. 39/2020 dated December 31, 2020 (“**MCA Circulars**”), in view of the current Covid 19 pandemic requiring social distancing, the Company is seeking approval of the members through the mechanism of postal ballot in accordance with the provisions of the Act without holding a general meeting. MCA has further clarified that the approval of the members will take place only through remote e-voting system. In compliance with the MCA Circulars, this notice of postal ballot is being sent to all the members by email who have registered their email addresses with the Company or depository participant/depository.

The physical copy of Postal Ballot Notice along with Postal Ballot Forms and pre-paid business envelope will not be sent to the members for this Postal Ballot and members are required to communicate their assent or dissent on the proposed resolutions through remote e-voting system only. Please refer the instructions for e-voting given after the proposed resolutions.

The following special businesses are proposed to be passed by the members through postal ballot:

**1. To approve the appointment of M/s Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No: 001076N/N500013) as Statutory Auditors of the Company to fill the casual vacancy**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139(8), 142 of The Companies Act, 2013 read with The Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, (including any statutory modification(s), clarification(s), exemption(s) or re-enactment(s) thereof for the time being in force), the appointment of M/s Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No: 001076N/N500013) as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s S.R. Batliboi & Associates LLP, Chartered Accountants, (Firm Registration No: 101049W/E300004) and to hold office until the conclusion of the 50<sup>th</sup> Annual General Meeting of the Company, be and is hereby approved at such remuneration plus applicable taxes, and out of pocket expenses, as may be mutually agreed between the management and the Statutory Auditors.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to do all such acts, deeds and things which may be deemed necessary to give effect to this resolution.”

## **2. To approve the transfer of Mylestone and Learnflix businesses of the Company to Convergia Digital Education Private Limited**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to Regulation 24(6) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [including any statutory modification(s) or any amendment(s) or any substitution(s) or re-enactment(s) thereof, if any, for the time being in force] and all other applicable Acts, laws, rules, regulations and guidelines for the time being in force, the consent of the members, be and is hereby accorded to transfer the following businesses of the Company on slump sale basis to Convergia Digital Education Private Limited (**“Convergia”**):

- (i) Transfer of Mylestone School Solutions business owned by Safari Digital Education Initiatives Private Limited (a wholly owned subsidiary of the Company; **“Safari”**) at a business consideration of Rs. 483.18 millions to be paid in the form of equity instruments to be issued by Convergia to Safari; and
- (ii) Transfer of Learnflix Student Solutions business owned by DS Digital Private Limited (a subsidiary of the Company; **“DS Digital”**) at a business consideration of Rs. 218.54 millions to be paid in the form of equity instruments to be issued by Convergia to DS Digital.

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and are hereby authorized to do all such acts, deeds and things which may be deemed necessary to give effect to this resolution.”

## **3. To approve the amendment in S Chand - Employees Stock Option Plan 2018**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

**“RESOLVED THAT** in accordance with the applicable provisions of The Companies Act, 2013, read with The Companies (Management and Administration) Rules, 2014, The Securities and Exchange Board of India (Share Based

Employee Benefits) Regulations, 2014, The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Employees Stock Option Plan, 2018 of the Company which was approved by the shareholders at the Annual General Meeting held on September 25, 2018 and the Articles of Association of the Company and in accordance with the provisions of any other applicable laws or regulations and subject to such other approval(s), permission(s) and sanction(s) as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approval(s), permission(s) and sanction(s), the consent of the members of the Company, be and is hereby accorded for the following amendments in the Employees Stock Option Plan 2018:

That the following existing Clause 7.1(a) will be replaced by the new Clause 7.1(a) as under:

**Existing Clause 7.1. (a)**

*The Exercise Price shall be Rs. 355 per option. No amount shall be payable by the option grantee at the time of grant.*

**New Clause 7.1 (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.*

**RESOLVED FURTHER THAT** for the purpose of giving effect to the intent of this resolution, the Board of Directors, be and are hereby authorized on behalf of the Company, to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary, expedient or proper and to settle all questions, difficulties or doubts at any stage without requiring the Board to obtain any further consent or approval of the members of the Company.

**RESOLVED FURTHER THAT** the Board of Directors, be and are hereby authorised, to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any Officer(s) of the Company.”

**By Order of the Board of Directors  
For S Chand And Company Limited**

**Date: January 19, 2021  
Place: New Delhi**

**Sd/-  
Jagdeep Singh  
Company Secretary  
Membership No. A15028**

## Notes:

1. The Explanatory Statement pursuant to section 102 of the Act stating all material facts, disclosure of interest, if any and reasons thereof for the proposed resolution is annexed hereto.
2. The Notice is being sent by email to all the members whose names are appearing in the List of Beneficial Owners received from National Securities Depository Limited and Central Depository Services (India) Limited as on January 22, 2021 and who have registered their email addresses with the Company or depository participant/depository. The Postal Ballot Notice is available on the Company's website, Link Intime India Private Limited e-voting website and on the website of the stock exchanges.
3. The members who have not registered their email addresses are requested to register the same with their respective Depository Participant(s) or with Link Intime India Private Limited, Registrar and Transfer Agent of the Company or by sending the request to the Company at [investors@schandgroup.com](mailto:investors@schandgroup.com).
4. Members whose names are appearing in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date i.e. January 22, 2021 will only be entitled to cast their votes by e-voting. A person who is not a member on the cut-off date should accordingly treat the Postal Ballot Notice as for information purposes only.
5. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the members as on the cut-off date being January 22, 2021.
6. Resolution passed by the members through postal ballot is deemed to have been passed as if they have been passed at a general meeting of the members.
7. In compliance with Regulation 44 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, section 108, 100 of the Act read with Rules made thereunder and in accordance with the MCA Circulars, the Company is providing facility for voting by electronic means to all the members to enable them to cast their votes electronically on the item mentioned in the notice. For this purpose, the Company has engaged Link Intime India Private Limited for providing e-voting platform to the members to cast their vote.
8. The remote e-voting period will begin on Thursday, January 28, 2021 (9:00 a.m.) and ends on Friday, February 26, 2021 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of January 22, 2021, may cast their vote electronically. The remote e-voting module shall be disabled by Link Intime for voting thereafter.
9. The instructions for e-voting are given in the **Annexure I** to this Notice.
10. Once the vote is casted by the member on remote e-voting, he/she shall not be allowed to change it subsequently or cast the vote again.
11. The Company has appointed Mr. R.S. Bhatia, Practicing Company Secretary (Certificate of Practice No. 2514) as Scrutinizer for conducting the Postal Ballot and e-voting process in a fair and transparent manner.
12. The Scrutinizer will submit his report alongwith the voting results to the Chairman of the Company or to any other person authorized by the Chairman upon completion of scrutiny, in a fair and transparent manner, of voting through e-voting platform not later than February 28, 2021.
13. The declaration of results as stated above shall be treated as declaration of results at a meeting of the members as per the provisions of the Rules. The results of the Postal Ballot along with the Scrutinizer's Report will be disseminated on the Company's website i.e. [www.schandgroup.com](http://www.schandgroup.com).
14. The Valuation report and Employees Stock Option Plan 2018 forms part of this Postal Ballot Notice.

**By Order of the Board of Directors  
For S Chand And Company Limited**

**Date: January 19, 2021  
Place: New Delhi**

**Sd/-  
Jagdeep Singh  
Company Secretary  
Membership No. A15028**

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No. 1

M/s S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No: 101049W/E300004), were re-appointed as the Statutory Auditors of the Company by the members at their 46<sup>th</sup> Annual General Meeting held on September 25, 2017 for a period of 5 (five) years to hold office until the conclusion of the 51<sup>st</sup> Annual General Meeting to be held in the calendar year 2022.

Owing to impact of Covid 19 pandemic on the business operations and financial resources, the management had requested the auditors to consider reduction in audit fees for the year ended March 31, 2021 as compared to the audit fees for the year ended March 31, 2020. M/s S.R. Batliboi & Associates LLP, Chartered Accountants, had a view that due to Covid 19 their work as statutory auditors have increased and the reduction in fees will not commensurate with the time and efforts in the audit engagement for next year considering the enhanced scope of work. Hence, they would not be able to continue as the auditors with reduced fee for financial year 2020-21. Accordingly M/s S.R. Batliboi & Associates LLP, Chartered Accountants, expressed their unwillingness to continue as Statutory Auditors of the Company and resigned with effect from November 12, 2020.

The resignation of M/s S.R. Batliboi & Associates LLP, Chartered Accountants, has resulted in casual vacancy in the office of Statutory Auditors. Pursuant to section 139 (8) of the Act, the casual vacancy caused by resignation of the auditors can be filled by the Board and shall also be approved by the members within 3 (three) months of recommendation of the appointment by the Board.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on December 10, 2020 has appointed M/s Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration No: 001076N/N500013) as Statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s S.R. Batliboi & Associates, LLP, Chartered Accountants (Firm Registration No: 101049W/E300004), auditors of the Company.

M/s Walker Chandiook & Co LLP, have conveyed their consent to act as Statutory Auditors of the Company and confirmed that the appointment if made would be within the limits specified under Section 141(3) (g) of the Act and they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the proviso to Section 139(1) and Section 141(3) of the Act and the provisions of The Companies (Audit and Auditors) Rules, 2014.

The Board recommends the ordinary resolution as set out in Item No. 1 of this notice for approval of members of the Company.

None of the Directors or Key Managerial Personnel and their relatives is in any way, concerned or interested in the said resolution.

### Item No. 2

The Company has over the last few years incubated following Edtech solutions to schools under various subsidiaries.

“**Mylestone**” Mylestone, is a School Solution, which transforms the teaching and learning process in schools through an integrated curriculum which is more focused on experiential learning, in line with the New Education Policy. This was started in 2016-17 and has been well accepted in Affordable Private Schools. Mylestone is an integrated curriculum solution for K-8 segment with print and digital components coupled with strong and effective delivery support. Mylestone offers teachers hand



book with lesson plans, student books, digital content, progress report with analytics, App for teachers and students, continuous training and support to the teachers and students. Mylestone business is owned by Safari Digital Education Initiatives Private Limited, a wholly owned subsidiary of the Company (“**Safari**”).

“**Learnflix**” Student Solution is a Personalized Learning App which is based on Spiral Pedagogy of learning, and helps students learn at their own pace. This was launched in 2019-20 for classes 6<sup>th</sup> to 10<sup>th</sup> with subjects of Mathematics and Science and has received good reviews from students and schools. This App provides learning to students through videos, quizzes, revision notes, assessments, sample test papers and e-books from some of India’s most renowned authors. The App has been launched both for B2C and B2B market and gained traction from schools especially during the Covid-19 Pandemic. Learnflix business is owned by DS Digital Private Limited, a subsidiary of the Company (“**DS Digital**”).

Both the products complement each other when offered to schools and considering this the Company is proposing a combination of both the businesses i.e. Mylestone and Learnflix. With the view of further growing these business divisions, the management proposes to raise external funding to grow these businesses more rapidly and hence these businesses need to be carved out into a separate company.

Edtech in India post Covid-19 has received substantial investment. The verticals are poised for rapid growth with the right amount of capital invested. These businesses require investment in technology, marketing and content. With the support of the Company and external capital and vision of investors, this would lead to validation of the value creation done in the Edtech segment by the Company and ultimately value creation for the shareholders of the Company. These businesses are expected to change the revenue mix and also help the publishing business when offered in combination. The combination of Mylestone and Learnflix teams would also bring in synergies of sales, technology, backend support as a single unit since the target customer and process remains the same. The combination will lead to higher revenues and more efficient use of resources.

The senior executives of Safari have incorporated a SPV i.e. Convergia Digital Education Private Limited (“**Convergia**”). Mylestone and Learnflix businesses are proposed to be transferred to Convergia on slump sale basis. Convergia would offer school and student solutions to schools in the blended/hybrid mode of learning for students in Schools. This will be in line with the New Education Policy which will focus on experiential learning and integrated cross-curriculum teaching and learning. The two brands would continue to be offered as Mylestone and Learnflix separately to B2B and B2C customers.

Turnaround Corporate Advisors Private Limited, an Independent valuer has conducted the valuation of Mylestone and Learnflix businesses and has determined Rs. 483.18 millions and Rs. 218.54 millions (“**slump sale consideration**”) respectively as fair value of these businesses for transfer on slump sale basis. Against this slump sale consideration, Convergia will issue equity instruments to Safari and DS Digital. The Company through Safari and DS Digital will be holding a majority stake in Convergia. Further, the senior executives of Safari, DS Digital and the Company will also hold equity stake in Convergia.

To expand its business and reach to B2B and B2C customers, Convergia will be raising funds through prospective investors.

Pursuant to section 180(1)(a) of the Act, a company can sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings subject to the approval of the shareholders. The transactions for Safari and DS Digital with Convergia falls under the definition of undertaking and approvals of shareholders of Safari and DS Digital will also be required for above transactions.

Further, Mr. Saurabh Mittal, Director of Safari is also on the Board of Convergja. Thus, the aforesaid transaction of transfer of Mylestone business to Convergja is a related party transaction for Safari. Accordingly, the provisions of section 188 of the Act are applicable and shareholders approval of Safari is also required under section 188.

Accordingly, as per section 180(1)(a) and section 188 of the Act as applicable, this matter has been approved by the Board and shareholders of Safari and DS Digital.

Pursuant to Regulation 24(6) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of members of the Company by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

In this transaction, Safari and DS Digital are material subsidiaries of the Company. As on March 31, 2020 the total assets of Safari and DS Digital are as follows:

<b>Safari</b>	Total assets	Rs. 1,141,733,610
	20% of assets	Rs. 228,346,722
<b>DS Digital</b>	Total assets	Rs. 561,180,218
	20% of assets	Rs. 112,236,044

Since the Mylestone and Learnflix businesses amounts to more than twenty percent of the assets of Safari and DS Digital respectively (material subsidiaries of the Company), thus, in terms of Regulation 24(6) of the Listing Regulations, the approval of the members is required for the slump sale transaction of Mylestone and Learnflix businesses by way of passing special resolution.

The Board of Directors of the Company at its meeting held on January 19, 2021 approved the above transactions and seeks approval of the members for transfer of Mylestone and Learnflix business of the Company to Convergja by way of passing special resolution. Therefore, the Board recommends the special resolution as set out in Item No. 2 of this notice for approval of members of the Company.

Other than Mr. Saurabh Mittal, Chief Financial Officer of the Company, none of the Directors, Key Managerial Personnel or their relatives are concerned and interested, financially or otherwise, in the proposed Special Resolution as set out in Item No. 2 of this Postal Ballot Notice.

### **Item No. 3**

In order to motivate the employees and align them with the long term growth and financial success of the Company and to retain the best of talent, your Company had evolved the S Chand Employees Stock Option Plan 2018 (“**the Scheme**”). The exercise price under this Scheme is Rs. 355 per option. The Company has not granted any stock options under the Scheme. The market price of the shares have subdued over the past few years. The current market price has defeated the purpose for which the Scheme was adopted and has made the stock options unattractive. The employees will not be able to derive any benefit if the options are granted under the Scheme with the existing exercise price. The Company has therefore thought it is prudent to amend the provisions of the Scheme related to the exercise price/pricing of the stock options and give the power of pricing of stock options to the Board/Compensation Committee in conformity with the applicable accounting policies.

The Board of Directors of the Company at its meeting held on January 19, 2021, have approved the amendment relating to pricing of stock options and decided that 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. The amendment in the Scheme is not detrimental to the interest of the employees.

The proposed amendment is in compliance of The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and would not be prejudicial to the interest of the employees.

Pursuant to Regulation 7 of The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, any variation of terms of the Scheme has to be approved by the members by way of passing special resolution. Accordingly, your Board recommends this resolution for your approval.

None of the Directors, Key Managerial Personnel and/ or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution at Item No. 3 of the accompanying notice.

**By Order of the Board of Directors  
For S Chand And Company Limited**

**Date: January 19, 2021  
Place: New Delhi**

**Sd/-  
Jagdeep Singh  
Company Secretary  
Membership No. A15028**

Remote e-Voting Instructions for shareholders:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>

**Those who are first time users of LIPL e-voting platform or holding shares in physical mode have to mandatorily generate their own Password, as under:**

► Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -

**A. User ID:** Enter your User ID

- Shareholders/ members holding shares in **CDSL demat account shall provide 16 Digit Beneficiary ID**
- Shareholders/ members holding shares in **NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID**
- Shareholders/ members holding shares in **physical form shall provide** Event No + Folio Number registered with the Company

**B. PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

**C. DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)

**D. Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

- Shareholders/ members holding shares in **CDSL demat account shall provide either ‘C’ or ‘D’, above**
- Shareholders/ members holding shares in **NSDL demat account shall provide ‘D’, above**
- Shareholders/ members holding shares in **physical form** but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above

► Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).

► Click “confirm” (Your password is now generated).

NOTE: If Shareholders/ members are holding shares in demat form and have registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier event of any company then they can use their existing password to login.

2. Click on ‘Login’ under ‘SHARE HOLDER’ tab.

3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.

4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.

5. E-voting page will appear.

6. Refer the Resolution description and cast your vote by selecting your desired option ‘**Favour / Against**’ (If you wish to view the entire Resolution details, click on the ‘**View Resolution**’ file link).
7. After selecting the desired option i.e. Favour / Against, click on ‘**Submit**’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘**Yes**’, else to change your vote, click on ‘**No**’ and accordingly modify your vote.
8. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘**Custodian / Mutual Fund / Corporate Body**’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘**Custodian / Mutual Fund / Corporate Body**’ login for the Scrutinizer to verify the same.

**If you have forgotten the password:**

- Click on ‘**Login**’ under ‘**SHARE HOLDER**’ tab and further Click ‘**forgot password?**’
  - Enter **User ID**, select **Mode** and Enter Image Verification (CAPTCHA) Code and Click on ‘**Submit**’.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
  - Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
  - The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.
  - It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in the Notice.

During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

Shareholders/ members holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

In case shareholders/ members have any queries regarding e-voting, they may refer the **Frequently Asked Questions (‘FAQs’)** and **InstaVote e-Voting manual** available at <https://instavote.linkintime.co.in>, under **Help** section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 –4918 6000.

**InstaVote Support Desk**  
**Link Intime India Private Limited**



# TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

A SEBI Registered Category-I Merchant Banker

January 18, 2021

**Ref:** TCA/S Chand/Valuation/20-21

## **Board of Directors**

### **S Chand and Company Limited**

A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate,  
New Delhi -110044

Dear Sirs,

**Subject: Report on Evaluation of Fair Value of Mylestone Business and Learnflix Business of S Chand and Company Limited.**

### **I. Purpose:**

We refer to our engagement whereby S Chand and Company Limited (CIN: L22219DL1970PLC005400), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate, New Delhi -110044 (hereinafter referred to as "**S Chand**" or "**the Company**") has engaged Turnaround Corporate Advisors Private Limited, a Category I Merchant Banker registered with SEBI (hereinafter referred to as "**Turnaround**" or "**TCA**" or "**we**" or "**us**") for fair valuation of its Mylestone Business ("**ML Business**") and Learnflix Business ("**LF Business**"). We understand that fair valuation of ML Business and LF Business is required for the purpose of proposed transfer of ML Business and LF Business through slump sale by S Chand to Convergia Digital Education Private Limited, a company incorporated under the provisions of the Companies Act, 2013 and having its registered office at A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate, New Delhi -110044 (hereinafter referred to as "**Convergia**"). ("**Transaction**")

Based on the discussion with the management, we understand that as on date, ML Business is housed under Safari Digital Education Initiatives Private Limited ("**Safari Digital**") & LF Business is housed under DS Digital Private Limited ("**DS Digital**"). As on date, S Chand owns 100% and 99.99% equity stake of Safari Digital & DS Digital respectively. We further understand that, through a composite scheme of arrangement under section 230 to 232 and other applicable provisions of the Companies Act, 2013, it has been proposed inter-alia that Education business of Safari Digital and DS Digital (comprising of ML business and LF Business) will be demerged and vested into S Chand subject to the approval of NCLT and other approvals ("**Composite Scheme**"). The appointed date for the Composite Scheme was fixed as April 01, 2017. Based on the discussion with the management, second motion application has been filed with NCLT, Delhi w.r.t Composite Scheme and approval of NCLT, Delhi is expected soon.

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Our fair valuation of ML Business and LF Business are based on assumption of successful approval of Composite Scheme and subsequent vesting of ML business and LF Business into S Chand.

Based on the discussion with the management, we have considered the valuation cut-off date as closure of business hours of December 31, 2020 ("**Valuation Date**" or "**Valuation Cut-off Date**").

## **II. About Turnaround Corporate Advisors Private Limited:**

Turnaround Corporate Advisors Private Limited (hereinafter referred to as "**Turnaround**" or "**TCA**" or "**we**" or "**us**") is a Private Limited Company incorporated under the provisions of Companies Act, 2013 with the Registrar of Companies, NCT of Delhi and Haryana. TCA is a Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI) with Registration No.: MB/INM000012290.

## **III. Background information about S Chand and Company Limited** **S Chand and Company Limited**

S Chand and Company Limited (CIN: L22219DL1970PLC005400) is a public limited company incorporated on September 09, 1970 under the provisions of the Companies Act, 1956. The registered office of S Chand is situated at A-27, 2nd Floor, Mohan Co-operative Industrial Estate, New Delhi -110044.

S Chand is a leading Indian education content company, delivering content, solutions and services across the education lifecycle through its presence in three business segments – Early Learning, K-12 and Higher Education.

The Equity Shares of S Chand are listed at BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

### **Milestone Business**

Under this business, integrated curriculum solution is being provided for K- 8 segment with print and digital components coupled with strong and effective delivery support. Milestone offers a complete integrated solution to the schools with on ground support

### **Learnflix Business**

Learnflix takes the learning one step ahead by providing advanced individualized learning solutions. It provides different learning tools with the flexibility to choose the time, place and pace of learning. It provides a ladder approach from easy to medium to hard, to instill confidence amongst the students of moving ahead.

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**IV. Sources of Information:**

For the purpose of arriving at the Valuation, we have essentially relied on the information provided to us by the Management of S Chand which we believe to be reliable and our conclusions are dependent on such information being complete and accurate in all material respect. In particular, we were provided with the following information by the management of S Chand for the purpose of our value analysis:

- Management Representation Letter dated January 18, 2021 from S Chand containing therein inter-alia necessary information, clarification, assumption with respect to valuation exercise, including:
  - ✦ Management certified financial projections of ML Business and LF Business for the years ended March 31, 2021 to March 31, 2024.
  - ✦ Management certified provisional financials of ML Business and LF Business for the 09 months period ended December 31, 2020.
  - ✦ Brief write up about S Chand, ML Business and LF Business.
  - ✦ Certificate of Incorporation, Memorandum of Association & Articles of Association of Convergia.
  - ✦ Audited Financial Statements of DS Digital and Safari Digital for the year ended March 31, 2020.

In addition to the above, we have also obtained explanations and other information as considered necessary by us for our exercise from the management of S Chand.

For the purpose of our value analysis, we have used the following information that is available in public domain:

- For the purpose of determining Risk free rate, yield on 10 years Government of India Securities (10 Year GS) has been considered.  
(Source: RBI Monthly Bulletin- December, 2020).
- For calculation of Market Return, we have considered the Compounded Annual Growth Rate (CAGR) of BSE Sensex for the period starting from January 02, 1991 to December 31, 2020. (Source: BSE Website)
- Annual Report of S Chand for the year ended March 31, 2020. (Source: Website of S Chand)

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- Beta for the purpose of valuation of ML Business and LF Business has been taken as 1 since there are no comparable listed companies in India.

#### **V. Procedure adopted and valuation method(s) followed for the assignment:**

In connection with this exercise, we have adopted following approaches to carry out the valuation:

- ✦ Requested and received financial and other information.
- ✦ Considered relevant data available in public domain.
- ✦ Discussed (over call) with management to understand the business, its historical financials and its future business plans.
- ✦ Selection of valuation methodologies as considered appropriate by us for the present exercise.

#### **VI. Approach Considered in our Value Analysis:**

##### **General Principle for Valuation**

There is no single definition of the term 'Value' that is suitable for all purposes or at all times. The value of a particular asset may vary according to different valuation methodologies that are adopted to ascertain the value for a specific purpose. Valuation of securities is an inexact science. It may sometimes involve a set of judgments and assumptions that may be subject to certain uncertainties.

##### **Selection of Valuation Methodology**

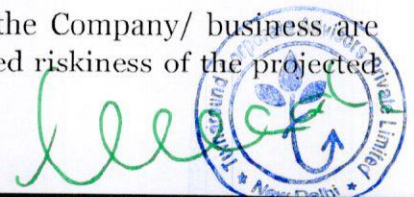
The objective of the valuation process is to make a best reasonable judgment of the value of the equity share/division of the Company. There are a number of valuation methodologies to value companies / businesses using historical and forecast financials of the company. Commonly used valuation methodologies are as follows:

##### **✦ Net Asset Value (NAV) Method**

The asset based valuation technique is based on the value of the underlying net assets of the business, either on book value basis or realizable value basis or on replacement cost basis. The net asset value ignores the future returns the asset can produce and is calculated using historical accounting data. This valuation approach is mainly used in the case where the business is to be liquidated i.e it does not meet the going concern criteria or in case where the assets base dominate earnings capability. ML Business and LF Business are growing businesses and their substantial value lies in the future earnings. Therefore, in the present case, we have not used NAV Method for the valuation.

##### **✦ Discounted Cash Flow (DCF) Method**

Under DCF Method, the projected free cash flows of the Company/ business are discounted at a discount rate which reflects the perceived riskiness of the projected





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cash flows in order to arrive at their present value. Then, the terminal value of the company/ business is calculated based on the free cash flow of the last year of the forecast period, which is based on the future long term growth of the revenues. This terminal value is then discounted to get the present terminal value. The present value of free cash flows for the projected period and present value of terminal value is added to arrive at the enterprise value. Thereafter, adjustment for non-operating assets/liabilities, surplus cash and cash equivalents is made to arrive at the fair value of the Company/business.

Being a growing business, value of ML Business and LF Business lies in future earnings and future positive cash generation capacities. Therefore, in the present case, we have considered the DCF Method for the valuation.

#### ✦ **Market Price Method**

The market price of and equity share quoted on a stock exchange is normally considered as the value of equity share of the Company, if such shares are frequently traded subject to speculative support that may be inbuilt in the value of such shares. In the present case, we are evaluating the fair value of business segments and therefore, Market Price Method is not relevant for the present valuation exercise. Hence, we have not considered this method for the valuation.

#### ✦ **Comparable Company Multiples (CCM) Method**

Under CCM Method, value of equity shares of a company/business undertaking is arrived at using multiple derived from valuation of comparable companies as manifest through stock exchange valuation of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to the valuation. Relevant multiples need to be chosen carefully and adjusted for difference between the circumstances.

ML Business and LF Business are growing business segments. We have not found any comparable listed Indian peers' data which can be used for evaluating the ML Business and LF Business using CCM Method. Therefore, this method is not suitable in the present case and accordingly we have not considered this method for our valuation exercise.

### **VII. Basis for arriving at Fair Value:**

Based on the discussions in the preceding paragraphs w.r.t valuation methodologies, we have considered DCF Method for the evaluation of ML Business and LF Business considering it as most appropriate method in the present case and assigned 100% weightage to this approach.

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Under DCF Method, the value of ML Business and LF Business is based on its capacity to generate cash flows. There is some uncertainty associated with these cash flows. Thus, the challenge in valuing firms by using the DCF method is more perceptual than conceptual. The value of ML Business and LF Business is the present value of the expected cash flows from its assets. These future cash flows are estimates based on certain parameters which are subject to various assumptions. The value of ML Business and LF Business rests entirely on its future growth potential.

The inputs for the valuation have to be estimated and such estimations may not always yield the expected results. The estimates of future growth are based on the competence of the management and their capacity to convert a promising idea into a commercial success.

### VIII. Summary of Fair Value of Mylestone Business and Learnflix Business:

#### A. Mylestone Business:

The Fair Equity Value of ML Business as per Discounted Cash Flow Method is as under:

Particulars	Currency- Indian Rupees in Million (Rs. in Million) except specifically stated
Present Value of free cash flows of explicit forecast period (A)	(162.34)
Present Value of Terminal Cash Flow (B)	645.52
Enterprise Value (C=A+B)	483.18
Add:- Value of non -operating investments as on Valuation Date (D)	-
Add:- Cash and Cash Equivalents as on Valuation Date (E)	1.13
Less: Debt as on Valuation Date (F)	-
<b>Equity Value as on Valuation Date (G=C+D+E-F)</b>	<b>483.18</b>

The working sheet for arriving the valuation of ML Business using DCF Method is enclosed as Annexure A.

#### B. Learnflix Business:

The Fair Equity Value of LF Business as per Discounted Cash Flow Method is as under:

Particulars	Currency- Indian Rupees in Million (Rs. in Million)
-------------	---





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	Million) except specifically stated
Present Value of free cash flows of explicit forecast period (A)	(75.38)
Present Value of Terminal Cash Flow (B)	293.92
Enterprise Value (C=A+B)	218.54
Add:- Value of non -operating investments as on Valuation Date (D)	-
Add:- Cash and Cash Equivalents as on Valuation Date (E)	0.04
Less: Debt as on Valuation Date (F)	-
<b>Equity Value as on Valuation Date (G=C+D+E-F)</b>	<b>218.54</b>

The working sheet for arriving the valuation of LF Business using DCF Method is enclosed as Annexure B.

**IX. Valuation Conclusion:**

We have formed an opinion on the Fair Value of ML Business and LF Business, based on the information provided by the Management of S Chand. We are of the opinion that **as on Valuation Date:**

**A. Fair Equity Value of Mylestone Business is Rs. 483.18 Million;**

**B. Fair Equity Value of Learnflix Business is Rs. 218.54 Million;**

The valuation is subject to the information as made available to us by the management of S Chand, and no specific audit has been carried on the same.

**X. Disclaimer/Limitations on the Valuation of ML Business and LF Business:**

Our report is subject to the scope of limitations detailed hereinafter. As such the report is to be read in totality and not in parts. This report has been prepared solely for the purpose set out in this report and should not be made available to any other person, distributed, published or reproduced (in part or otherwise) in any other document whatsoever, without our written consent save and except for the limited purpose of this report.

Our study did not include the following:-

- An audit of the financial statements of ML Business and LF Business.
- Carrying out a market survey / financial feasibility for the Business of ML Business and LF Business.
- Financial and Legal due diligence of ML Business and LF Business.





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Our valuation is based on the premise that the information provided to us being complete and accurate in all material aspect.

Our value analysis is based on the information made available to us by the management of S Chand and the information obtained by us from public domain as mentioned in the report. Any subsequent changes/modifications/revisions (either positive or negative) to the financial parameters and other information provided to us, may alter the result of value analysis set out in this report, positively or negatively.

Our work did not constitute an audit in accordance with Indian GAAP/ International Financial Reporting Standards and all other applicable accounting practices and procedures and examination/review of internal controls or other attestation or review services. Accordingly, we do not express an opinion on the information presented.

It may be noted that in carrying out our work we have relied on the integrity of the information provided to us by the management of S Chand and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.

We have reviewed the information made available to us for overall consistency and have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by S Chand.

We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents of other than those stated above. We have not made any independent verification of the physical assets of ML Business and LF Business and accept no responsibility for the same.

It should be noted that for the purpose of determining Fair Value of ML Business and LF Business as on Valuation date, we have not considered the impact of any events on the valuation, which have occurred post the date of the valuation except mentioned in this report.

Our scope of work does not include verification of data submitted by the management of S Chand and has been relied upon by us as such.

We understand that the management of S Chand, during our discussions with them, would have drawn our attention to all such information and matters, which may have had an impact on our valuation. In this report we have included all such information and matters as was received by us from the management of S Chand.

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This valuation report should not be regarded as a recommendation to invest in or deal in any form of securities of the S Chand and should also not be considered as its final equity value.

The Management or related parties of the S Chand, its shareholders and its subsidiaries/ associates/ group companies are prohibited from using this report other than for its sole limited purpose and not to make a copy of this report available to any party other than those required by statute for carrying out the limited purpose of this report.

We have not verified the authenticity of the actual purpose for obtaining this valuation report and have done a pure mathematical calculation based on the information provided to us by the management of S Chand. This report is issued at the request of S Chand for the purpose as mentioned in the first para of this report.

No investigation of the Company's claim to title of assets has been made for the purpose of this valuation and their claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loan disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. The report is not, nor should it be construed, as our opinion or certifying the compliance with the provisions of any law, including but not limited to, Circulars/ Guidelines/ Notifications/ Rules/ Regulations etc. issued by the Reserve Bank of India, Companies Act, Tax Laws and Capital Market related laws by S Chand.

We will receive a fee for our services in connection with the delivery of this Valuation Report and our fee is not contingent upon the result of proposed transaction. TCA's appointment was formalized via engagement letter dated January 05, 2021.

This report is not meant for meeting any other regulatory or disclosure requirements, save and except as specified as above, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.

In no event, will TCA, its Directors and employees, be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this engagement.

For **Turnaround Corporate Advisors Private Limited,**

  
(HEEMADRI MUKERJEE)  
Managing Director  




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**Annexure-A**

**Valuation workings of Mylestone Business as per DCF Method**

DCF SHEET	MYLESTONE BUSINESS				
Figures are in INR in Million					
Valuation as on December 31, 2020	3 Month	For the year ended March 31			
	<b>31-Mar-21</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-24</b>	<b>Perpetuity</b>
Net Operating Revenue	201.32	454.46	738.86	973.70	1,012.65
Total Operating Expenses excluding Depreciation	132.23	420.45	602.38	710.43	738.85
<b>EBITDA</b>	<b>69.09</b>	<b>34.01</b>	<b>136.48</b>	<b>263.27</b>	<b>273.80</b>
<i>EBITDA %</i>	<i>34.32%</i>	<i>7.48%</i>	<i>18.47%</i>	<i>27.04%</i>	<i>27.04%</i>
Less: Depreciation	6.08	27.98	31.93	32.71	19.18
<b>EBIT</b>	<b>63.01</b>	<b>6.03</b>	<b>104.55</b>	<b>230.56</b>	<b>254.62</b>
Less: Tax	-	-	18.19	58.40	64.08
<i>Effective Tax Rate</i>	<i>0.00%</i>	<i>0.00%</i>	<i>17.40%</i>	<i>25.33%</i>	<i>25.17%</i>
<b>PAT</b>	<b>63.01</b>	<b>6.03</b>	<b>86.36</b>	<b>172.16</b>	<b>190.54</b>
Add: Depreciation	6.08	27.98	31.93	32.71	19.18
Less: Capex	9.70	33.71	21.53	19.18	19.18
Less: Increase/(Decrease) in Working Capital	72.43	168.70	151.28	145.42	24.12
<b>Free Cash Flows to Firm</b>	<b>(13.04)</b>	<b>(168.39)</b>	<b>(54.52)</b>	<b>40.26</b>	<b>166.42</b>
Discount Factor	0.96	0.81	0.68	0.57	
Discount Period	0.25	1.25	2.25	3.25	
Discounted Cash flows of Forecast Period	(12.49)	(135.84)	(37.04)	23.03	
<b>Terminal Growth Rate</b>	<b>4.00%</b>				
<b>Terminal Cash Flow</b>	<b>1,128.38</b>				
<b>Weighted Average Cost of Capital (WACC)</b>	<b>18.75%</b>				
<b>Calculation of Fair Equity Value</b>					
Present Value (PV) of Free Cash Flows of Explicit Forecasted Period (A)	(162.34)				
Present Value of Terminal Cash Flow (B)	645.52				
<b>Enterprise Value (C=A+B)</b>	<b>483.18</b>				
Add:- Value of non-operating investments as on Valuation Date (D)	-				
Add:- Cash and Cash Equivalents as on Valuation Date (E)	1.13				
Less: Debt as on Valuation Date (F)	-				
<b>Equity Value as on Valuation Date (G=C+D+E-F)</b>	<b>483.18</b>				

**Sensitivity Analysis**

Sensitivity Analysis- Equity Value With Movement in WACC & Terminal Growth Rate		Changes in WACC				
	483.18	17.75%	18.25%	18.75%	19.25%	19.75%
Change in Terminal Growth Rate	2.00%	488	460	434	409	387
	3.00%	516	485	457	431	406
	4.00%	548	514	483	454	427
	5.00%	585	548	513	481	452
	6.00%	628	586	548	513	480



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**Annexure- A Contd.****Basis for calculation of Weighted Average Cost of Capital (WACC)**

<b>Calculation of Cost Of Equity</b>	
Risk Free Rate (Rf) (Source: RBI Monthly Bulletin- December 2020 (Yield on 10 Yrs G-Sec of Government of India)	5.91%
Market rate of return (Rm) (Source: CAGR of BSE SENSEX from Jan 1991 to December, 2020)	13.75%
Equity Risk Premium (ERP=Rm-Rf)	7.84%
Beta Value	1.000
<b>Cost of Equity (Ke) [Rf + <math>\beta</math> * ERP]</b>	13.75%
Company Specific Risk Premium (mainly on account of Illiquidity, aggressive projections and risk related to Covid 19) (CSRPs)	5.00%
<b>Adjusted Cost of Equity (Ke) [Rf + <math>\beta</math> * (Rm - Rf) + CSRPs]</b>	18.75%

<b>Calculation of Cost of Debt</b>	
100% Equity Business. The future funding requirement is expected to be funded through Equity.	

<b>Long Term Capital Structure (Based on the discussion with the Management)</b>	
Debt	0.00%
Equity	100.00%

<b>Calculation of WACC</b>	
Cost of Debt	0.00%
Weight of Debt	0.00%
Cost of Equity	18.75%
Weight of Equity	100.00%
<b>WACC</b>	18.75%

<b>Beta Calculation</b>	
Beta of the Company has been assumed to be 1 (similar to the Market/Index), since there are no comparable listed company in India]	1.00

<b>Market Return (Rm)</b>	
BSE SENSEX (closing) as on January 02, 1991	999.26
BSE SENSEX (closing) as on December 31, 2020	47751.33
Time Period between January 02, 1991 and December 31, 2020 (in Years)	30.02
Compounded Annual Growth Rate (CAGR) of BSE SENSEX	13.75%







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**Annexure-B**

**Valuation workings of Learnflix Business as per DCF Method**

DCF SHEET	LEARNFLIX BUSINESS				
Figures are in INR in Million					
Valuation as on December 31, 2020	3 Month		For the year ended March 31		
	<b>31-Mar-21</b>	<b>31-Mar-22</b>	<b>31-Mar-23</b>	<b>31-Mar-24</b>	<b>Perpetuity</b>
Net Operating Revenue	26.54	73.80	155.00	270.30	281.11
Total Operating Expenses excluding Depreciation	23.41	86.71	117.97	146.00	151.84
<b>EBITDA</b>	<b>3.13</b>	<b>(12.91)</b>	<b>37.03</b>	<b>124.30</b>	<b>129.27</b>
EBITDA %	11.80%	-17.49%	23.89%	45.98%	45.98%
Less: Depreciation	2.25	8.72	12.07	15.06	20.27
<b>EBIT</b>	<b>0.88</b>	<b>(21.62)</b>	<b>24.96</b>	<b>109.24</b>	<b>109.00</b>
Less: Tax	-	-	-	18.65	27.43
Effective Tax Rate	0.00%	0.00%	0.00%	17.07%	25.17%
<b>PAT</b>	<b>0.88</b>	<b>(21.62)</b>	<b>24.96</b>	<b>90.59</b>	<b>81.56</b>
Add: Depreciation	2.25	8.72	12.07	15.06	20.27
Less: Capex	21.92	22.14	23.25	20.27	20.27
Less: Increase/(Decrease) in Working Capital	(4.83)	34.45	42.44	61.72	5.79
<b>Free Cash Flows to Firm</b>	<b>(13.96)</b>	<b>(69.50)</b>	<b>(28.67)</b>	<b>23.65</b>	<b>75.78</b>
Discount Factor	0.96	0.81	0.68	0.57	
Discount Period	0.25	1.25	2.25	3.25	
Discounted Cash flows of Forecast Period	(13.37)	(56.07)	(19.47)	13.53	
<b>Terminal Growth Rate</b>	<b>4.00%</b>				
<b>Terminal Cash Flow</b>	<b>513.78</b>				
<b>Weighted Average Cost of Capital (WACC)</b>	<b>18.75%</b>				
<b>Calculation of Fair Equity Value</b>					
Present Value (PV) of Free Cash Flows of Explicit Forecasted Period (A)	(75.38)				
Present Value of Terminal Cash Flow (B)	293.92				
<b>Enterprise Value (C=A+B)</b>	<b>218.54</b>				
Add:- Value of non -operating investments as on Valuation Date (D)	-				
Add:- Cash and Cash Equivalents as on Valuation Date (E)	0.04				
Less: Debt as on Valuation Date (F)	-				
<b>Equity Value as on Valuation Date (G=C+D+E-F)- PRE MONEY</b>	<b>218.54</b>				

**Sensitivity Analysis**

Sensitivity Analysis- Equity Value With Movement in WACC & Terminal Growth Rate		Changes in WACC				
	218.54	17.75%	18.25%	18.75%	19.25%	19.75%
Change in Terminal Growth Rate	211	198	187	176	166	
	3.00%	214	202	190	179	
	4.00%	248	233	219	193	
	5.00%	271	254	238	209	
	6.00%	298	278	260	228	



**TURNAROUND**

A SEBI Registered Category-I Merchant Banker

**Annexure- B Contd.****Basis for calculation of Weighted Average Cost of Capital (WACC)**

<b>Calculation of Cost Of Equity</b>	
Risk Free Rate (Rf) (Source: RBI Monthly Bulletin- December 2020 (Yield on 10 Yrs G-Sec of Government of India)	5.91%
Market rate of return (Rm) (Source: CAGR of BSE SENSEX from Jan 1991 to December, 2020)	13.75%
Equity Risk Premium (ERP=Rm-Rf)	7.84%
Beta Value	1.000
<b>Cost of Equity (K<sub>e</sub>)</b> $[R_f + \beta * ERP]$	13.75%
Company Specific Risk Premium (mainly on account of Illiquidity, aggressive projections and risk related to Covid 19) (CSR <sub>P</sub> )	5.00%
<b>Adjusted Cost of Equity (K<sub>e</sub>)</b> $[R_f + \beta * (R_m - R_f) + CSR_P]$	18.75%
<b>Calculation of Cost of Debt</b>	
100% Equity Business. The future funding requirement is expected to be funded through Equity.	
<b>Long Term Capital Structure (Based on the discussion with the Management)</b>	
Debt	0.00%
Equity	100.00%
<b>Calculation of WACC</b>	
Cost of Debt	0.00%
Weight of Debt	0.00%
Cost of Equity	18.75%
Weight of Equity	100.00%
<b>WACC</b>	18.75%
<b>Beta Calculation</b>	
Beta of the Company has been assumed to be 1 (similar to the Market/Index), since there are no comparable listed company in India]	1.00
<b>Market Return (R<sub>m</sub>)</b>	
BSE SENSEX (closing) as on January 02, 1991	999.26
BSE SENSEX (closing) as on December 31, 2020	47751.33
Time Period between January 02, 1991 and December 31, 2020 (in Years)	30.02
Compounded Annual Growth Rate (CAGR) of BSE SENSEX	13.75%



**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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**Tel No: 91 11 4973 1800**  
**Email: [jsingh.del@schandgroup.com](mailto:jsingh.del@schandgroup.com) : Website: [schandgroup.com](http://schandgroup.com)**

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.

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

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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
	<b>Total expenditure</b>	<b>64,500.5</b>	<b>55,523.4</b>	<b>46,797.2</b>	<b>42,484.30</b>	<b>31,236.8</b>
<b>3</b>	<b>Profit / (loss) before tax &amp; exceptional items</b>	<b>16,216.7</b>	<b>10,692.2</b>	<b>7,265.5</b>	<b>5,365.7</b>	<b>5,858.6</b>
<b>4</b>	<b>Share of loss in associates</b>	(122.5)	(226.6)	(272.4)	(137.2)	-
<b>5</b>	<b>Provision for tax</b>					
	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)
<b>6</b>	<b>Profit / (loss) after tax</b>	<b>10,708.3</b>	<b>6,126.2</b>	<b>4,664.2</b>	<b>3,275.9</b>	<b>4,257.2</b>
<b>7</b>	<b>Other Comprehensive Income</b>	13.7	18.8	-	-	-
<b>8</b>	<b>Total comprehensive Income for the period</b>	<b>10,722.0</b>	<b>6,145.0</b>	<b>4,664.2</b>	<b>3,275.9</b>	<b>4,257.2</b>

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

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,

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

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, 2<sup>nd</sup> 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.

- 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.

- 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.

- 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.

**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.

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.

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

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

		heir immediately after, but in no event later than <b>6 months</b> from the date of Death.	may be exercised by the Option Grantee's nominee or legal heir/s within <b>6 months</b> from the date of Death..
<b>6</b>	<b>Permanent Disability</b>	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 <b>6 months</b> 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 <b>6 months</b> from the date of such disability.
<b>7</b>	<b>Abandonment*</b>	All the Vested Options shall stand <b>cancelled</b> .	All the Unvested Options shall stand <b>cancelled</b> .
<b>8</b>	<b>Other reasons apart from those mentioned above</b>	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 <b>cancelled</b> 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.

- 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.

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.

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, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate, New Delhi-110044**

**Email : [jsingh.del@schandgroup.com](mailto: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

**S CHAND AND COMPANY LIMITED**  
**Reg. Add : A-27, 2<sup>nd</sup> Floor, Mohan Co-operative Industrial Estate,**  
**New Delhi - 110 044**  
**CIN No: L22219DL1970PLC005400**  
**Tel No: 91 11 4973 1800**  
**Email: [jsingh.del@schandgroup.com](mailto:jsingh.del@schandgroup.com) : Website: [schandgroup.com](http://schandgroup.com)**

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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**