

ANNEXURE NO.-7

RELEVANT EXTRACT FROM THE GUIDELINES FOR EMPLOYEES STOCK OPTION SCHEME (ESOS)²

8 On completion of the 5th year, the amount would compulsorily get converted into equity shares. The conversion would take place at a price determined in the year in which the scheme is introduced by the company. This would, however, be permissible only at 80 per cent of the average market price of the company's equity/shares or "fair value" of its share as determined by CCI, whichever is less but not lower than the face value of the share. This would be further subject to the condition that the conversion will not take place at price lower than the face value of share. The average market price would be defined as the average of the highest and lowest stock market quotation of the company's share for each of the six months immediately preceding the launching of the ECD scheme.

² Issued by the Ministry of Finance, Department of Economics Affairs on 1 8 85

[(1986)59 com cases (st) 75]