

# TATA CAPITAL LIMITED

Registered Office: One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai 400 001  
CIN:U65990MH1991PLC060670  
Website: www.tatacapital.com

## NOTICE

**NOTICE** IS HEREBY GIVEN THAT AN EXTRA-ORDINARY GENERAL MEETING OF TATA CAPITAL LIMITED will be held on Thursday, March 31, 2016 at 10:00 a.m. at the Registered Office of the Company at One Forbes, Dr. V. B. Gandhi Marg, Fort, Mumbai 400 001 to transact the following special business:-

### 1. **Amendment of the Tata Capital Limited Employee Stock Purchase/Option Scheme**

To consider and, if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**“RESOLVED** that pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (hereinafter referred to as the “Act”) and the applicable Rules framed thereunder, including any amendment thereto or re-enactment thereof and including any regulations, guidelines, circulars and notifications issued thereunder and subject to such other approvals, consents, permissions and/or sanctions as may be required from any appropriate regulatory or statutory authority/institution or body and subject to such terms and conditions as may be prescribed/imposed by any of them, the consent of the Members of the Company be and is hereby accorded for amending the ‘Tata Capital Limited Employee Stock Purchase / Option Scheme’ (hereinafter referred to as the “Employee Stock Purchase / Option Scheme” or the “Scheme”) which was approved by the Members at the Extraordinary General Meeting of the Company held on March 2, 2010 and as further amended by the ESOP Committee of the Board of Directors (which Committee was subsequently merged with the Nomination and Remuneration Committee) at its Meeting held on April 15, 2013, as per the details set out in the Explanatory Statement annexed to the Notice convening this Meeting.”

**“RESOLVED FURTHER** that the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include the Nomination and Remuneration Committee or any other Committee of the Board of Directors constituted by the Board, to exercise its powers including powers conferred by this Resolution), be and are hereby authorized to settle all questions, difficulties or doubts that may arise in relation to the implementation and formulation of the Scheme to the end and intent that the Members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

**“RESOLVED FURTHER** that it is hereby noted that the amendments to the Scheme are not prejudicial to the interests of the option holders.”

**“RESOLVED FURTHER** that the Board be and is hereby authorized to vary, amend, modify or alter the terms of the Scheme in accordance with and subject to the terms of the Act and any Guidelines, Rules or Regulations that may be issued by any regulatory/statutory authority, as applicable.”

**“RESOLVED FURTHER** that the Board, the Chief Financial Officer, the Company Secretary and the Head-Legal and Compliance, be and are hereby severally authorized to do all such acts, deeds and things and execute all such deeds, documents and instruments and writings as may be necessary and incidental for giving effect to the above.”

**2. Private Placement of Non Convertible Debentures**

To consider and, if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

**“RESOLVED** that pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications or re-enactments thereof, for the time being in force) and the Rules framed there under, as may be amended from time to time and such other laws/regulations/guidelines as may be applicable to the Company, the approval of the Members be and is hereby accorded to the Company for making offer(s) or invitation(s) to subscribe to Non Convertible Debentures (“NCD”) on a private placement basis, in one or more tranches, during FY 2016-17 upto an amount not exceeding Rs. 1,000 crore within the overall borrowing limits of the Company, as may be approved by the Members, from time to time.”

**“RESOLVED FURTHER** that the Board of Directors of the Company (including any Committee thereof), be and are hereby severally authorized to do all such acts, deeds and things and give such directions as may be deemed necessary or expedient to give effect to the above Resolution, including determining the terms and conditions of the NCDs.”

By Order of the Board of Directors  
For **Tata Capital Limited**

**Avan K. Doomasia**  
**Company Secretary**

Mumbai, February 25, 2016

**Registered Office:**

One Forbes  
Dr. V. B. Gandhi Marg  
Fort, Mumbai - 400 001

**NOTES:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) in respect of the business set out above, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE EXTRAORDINARY GENERAL MEETING (“EGM”) IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND, TO VOTE ON HIS/HER BEHALF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate, not more than ten percent of the total share capital of the Company, carrying voting rights. Provided that a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
3. The instrument appointing the Proxy, in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 (Forty Eight) hours before the EGM. Proxies submitted on behalf of limited companies, trusts, etc. must be supported by appropriate resolution/authority, as applicable.
4. Members/Proxies should bring the enclosed Attendance Slip duly filled in, for attending the EGM.
5. The Notice is being sent to all the Members, whose names appeared in the Register of Members of the Company as on the close of business hours on February 19, 2016 (“Record Date”).
6. To support the “Green Initiative”, Members who have not registered their email addresses are requested to register the same with the Company’s Share Registrars and Transfer Agents/ their Depository Participants, in respect of shares held in physical/ electronic mode, respectively.
7. The Notice of the EGM is being sent by electronic mode to all the Members, whose e-mail addresses are registered with the Depositories. For Members who have not registered their e-mail addresses with the Depositories, physical copies are being sent by the permitted modes. The Notice of the EGM is also posted on the website of the Company, [www.tatacapital.com](http://www.tatacapital.com) and that of Central Depository Services (India) Limited (“CDSL”), [www.evotingindia.com](http://www.evotingindia.com).
8. The holders of Cumulative Redeemable Preference Shares are not entitled to vote on any item set out in the Notice.
9. Process and manner for Members opting for voting through Electronic means:
  - (i) In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means and the business set out in the Notice above may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of Central Depository Services (India) Limited (“remote e-voting”).
  - (ii) Members whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut Off Date of March 18, 2016, shall be entitled to avail the facility of remote e-voting as well as voting at the EGM. Any recipient of the Notice who has no voting rights as on the Cut Off Date, shall treat this Notice as intimation only.
  - (iii) A person who has acquired the shares and has become a Member of the Company after the despatch of the Notice of the EGM and prior to the Cut Off Date i.e. March 18, 2016, shall be entitled to exercise his/her vote either electronically i.e. remote e-voting or through Poll at the EGM by following the procedure mentioned in this part.
  - (iv) The remote e-voting will commence on Wednesday, March 23, 2016 at 9.00 a.m. and will end on Wednesday, March 30, 2016 at 5.00 p.m.. During this period, the Members of the Company holding shares either in physical form or in demat form as on the Cut Off Date i.e. March 18, 2016, may cast their vote electronically. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.
  - (v) Once the vote on a resolution is cast by the Member, he/she shall not be allowed to change it subsequently or cast the vote again.

- (vi) The facility for voting through Poll would be made available at the EGM and the Members attending the Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Meeting through Poll. The Members who have already cast their vote by remote e-voting prior to the Meeting, may also attend the Meeting, but shall not be entitled to cast their vote again.
- (vii) The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the Cut Off Date of March 18, 2016.
- (viii) The Company has appointed Mr. Umesh Maskeri, Practicing Company Secretary (FCS No. 4831; COP No. 12704), to act as the Scrutinizer for conducting the remote e-voting process as well as the voting through Poll at the EGM, in a fair and transparent manner.
- (ix) The procedure and instructions for remote e-voting are, as follows:
  - a. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - b. Now click on “Shareholders” to cast your votes.
  - c. Now, fill up the following details in the appropriate boxes:

User - ID	<ul style="list-style-type: none"> <li>a. For CDSL: 16 digits Beneficiary ID</li> <li>b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID</li> <li>c. Members holding shares in physical form should enter the Folio Number registered with the Company</li> </ul>
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- d. Next, enter the Image Verification as displayed and Click on Login.
- e. If you are a first time user, follow the steps given below:

For Members holding shares in demat form and physical form:	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name in CAPITAL followed by the last 8 digits of their Demat account number/Folio No., as the case may be, in the PAN field. In case the Folio No. is less than 8 digits, enter the applicable number of 0s before the number after the first two characters of the name in CAPITAL letters e.g. If your name is Ramesh Kumar and Folio No. is 1, then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth ("DOB")	Enter the Dividend Bank Details or DOB in dd/mm/yy as recorded in your demat account or the Company records for the said folio. If the details are not recorded with the Depository or Company, please enter the number of Shares held by you in the bank account column.

- f. After entering these details appropriately, click on “SUBMIT” tab.
- g. Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- h. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- i. Now, select the Electronic Voting Sequence Number (“EVSN”) along with “TATA CAPITAL LIMITED” from the drop down menu and click on “SUBMIT”.

- j. On the voting page, you will see Resolution Description and against the same, the option “YES/NO” for voting. The option “YES” implies that you assent to the Resolution and Option “NO” implies that you dissent to the Resolution. Enter the number of shares (which represents number of votes) under “YES/NO” or alternatively you may partially enter any number in “YES” and partially in “NO”, but the total number in “YES” and “NO” taken together should not exceed your total shareholding.
- k. Click on the RESOLUTION FILE LINK if you wish to view the entire Notice.
- l. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- m. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- n. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- o. Note for Non - Individual Members and Custodians:
- Non-Individual Members (i.e. other than Individuals, HUF, NRI, etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details, a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts, they would be able to cast their vote.
  - A scan copy of the Board Resolution and Power of Attorney (“POA”) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- (x) The Chairman shall, at the EGM, at the end of the discussion on the resolutions on which voting is to be held, allow voting, with the assistance of the Scrutinizer, by use of Poll for all those Members who are present at the EGM but have not cast their votes by availing the remote e-voting facility.
- (xi) The Scrutinizer shall immediately after the conclusion of voting at the EGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall not later than three days of conclusion of the meeting, issue a consolidated Scrutinizers Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or a person authorised by him in writing shall declare the Result of the voting forthwith.
- (xii) The Results declared, alongwith the Scrutinizer's Report, will be posted immediately, after the declaration of the same by the Chairman on the Company's website, [www.tatacapital.com](http://www.tatacapital.com) and also on the website of CDSL, [www.evotingindia.com](http://www.evotingindia.com).
- (xiii) In case you have any queries or issues regarding remote e-voting, please contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or Ms. Avan Doomasia, Company Secretary at [avan.doomasia@tatacapital.com](mailto:avan.doomasia@tatacapital.com) or Tel. No. 022-66069140. Members can also refer to the Frequently Asked Questions available under the ‘HELP’ section at [www.evotingindia.com](http://www.evotingindia.com).

## EXPLANATORY STATEMENT

The following Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 sets out all material facts relating to the businesses mentioned under Item Nos. 1 and 2 of the accompanying Notice dated February 25, 2016.

### **Item No. 1**

Tata Capital Limited ("TCL" or "Company") had introduced the Tata Capital Limited Employee Stock Purchase/ Option Scheme ("Scheme"), with effect from March 2, 2010. The Scheme is administered through the TCL Employee Welfare Trust ("Trust"). The objective of the Scheme was to facilitate employee participation in the ownership of the Company by offering Equity Shares of the Company to Eligible Employees of TCL and its subsidiaries.

The ESOP Committee of the Board (which was subsequently merged with the Nomination and Remuneration Committee of the Board) at its Meeting held on April 15, 2013, amended the Scheme by the addition of Clause 15.6 and the amendment of Clause 18.1.1, pursuant to the authority granted by the Members of the Company at its Meeting held on March 2, 2010.

The erstwhile Companies Act, 1956 did not contain any specific provisions for governing Employee Stock Options and accordingly, the Scheme was in compliance with the then applicable law. However, the Companies Act, 2013 ("Act") which became effective from April 1, 2014, contains provisions pertaining to Employee Stock Options and hence, as a measure of good governance, it is proposed to, *inter alia*, amend the Scheme to provide for a minimum vesting period of one year from the Date of Grant and to amend various definitions and provisions mentioned therein to bring the Scheme in line with the applicable provisions of the Act.

Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, provides that the Company may vary, by way of a Special Resolution, the terms of the Employees Stock Options not yet exercised by the employees provided that such variation is not prejudicial to the interests of the option holders. The modifications do not specifically benefit any of the option holders but are being carried out to bring the Scheme in line with the applicable provisions of the Act.

Pursuant to the recommendation of the Members of the Nomination and Remuneration Committee at its Meeting held on February 19, 2016, the Board of Directors of the Company approved the amendments to the Scheme, by way of a Resolution passed by circulation on February 19, 2016, to bring the Scheme in line with the provisions of the Act, subject to the approval of the Members. The Board of Directors of the Company are of the view that the amendments to the Scheme are not prejudicial to the interests of the option holders.

A comparative statement of the clauses of the Scheme which are proposed to be amended is attached as Annexure A and a copy of the revised Scheme, is attached as Annexure B, for the perusal and consideration of the Members.

A copy of the existing Scheme, would be available for inspection, by the Members without any fee, at the Registered Office of the Company during normal business hours on any working day (except Saturday and Sunday).

The above changes will be applicable to all existing and future 'Eligible Employees' as defined in the Scheme, including the Eligible Employees of the subsidiary companies and the holding company.

The approval of the Members is being sought by way of a Special Resolution under Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014, for the amendment of the existing Scheme.

The Directors commend the Resolution at Item No. 1 of the accompanying Notice, for the approval of the Members of the Company.

The Directors (excluding Independent Directors) or Key Managerial Persons of the Company may be deemed to be concerned or interested in the Resolution to the extent of the employee stock options granted / may be granted to them. None of the relatives of the Directors of the Company or of the Key Managerial Personnel of the Company are concerned or interested in the passing of the Resolution at Item No. 1.

### **Item No. 2**

As per the provisions of Section 42 of the Companies Act, 2013 ("Act"), including any statutory modifications or re-enactments thereof for the time being in force, read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended from time to time, a company offering or making an invitation to subscribe to

Non Convertible Debentures (“NCD”) on a private placement basis, is required to obtain the prior approval of the Shareholders by way of a Special Resolution, which can be obtained once a year for all the offers and invitations for such NCDs during the year.

The Company proposes to issue NCDs to augment the long term resources of the Company for its investment/lending activities. The borrowings of the Company aggregate approximately Rs. 1,530 crore, as at February 19, 2016. As on date, the Company does not have any outstanding NCDs.

The approval of the Members is being sought by way of a Special Resolution under Section 42 and other applicable provisions, if any, of the Act read with the Rules made there under, to enable the Company to offer or invite subscriptions for NCDs on a private placement basis, in one or more tranches, during FY 2016-17, upto an amount not exceeding Rs. 1,000 crore, within the overall borrowing limits of the Company, as approved by the Members from time to time, with authority to the Board to determine the terms and conditions, including the issue price, of the NCDs.

The proposed borrowings, along with the existing borrowings of the Company, would not exceed the aggregate outstanding borrowings of the Company approved by the Members, from time to time.

The Directors commend the Resolution at Item No. 2 of the accompanying Notice for the approval of the Members of the Company.

None of the Directors of the Company or Key Managerial Persons of the Company or their relatives, are concerned or interested in the passing of the Resolution at Item No. 2, except to the extent of NCDs that may be subscribed to by them, their relatives or companies/firms in which they are interested.

By Order of the Board of Directors  
For **Tata Capital Limited**

**Avan K. Doomasia**  
**Company Secretary**

Mumbai, February 25, 2016

**Registered Office:**

One Forbes  
Dr. V. B. Gandhi Marg  
Fort, Mumbai - 400 001

**COMPARATIVE STATEMENT OF CLAUSES TO BE AMENDED**

1. All references to ESOP Committee have been changed to Nomination and Remuneration Committee or NRC.
2. All references to “Subsidiary” are changed to “SubCo.”
3. Clause Nos. 3.7, 3.8, 3.9, 3.23, 3.28, 3.33, 3.39, 11.1.1, 11.1.2, 11.1.3 and 11.2 have been deleted.
4. The following changes are being made to the Scheme:

Existing Clause	Amended Clause
<p><u>Clause 3.1:</u> “<b>Board</b>” means the Board of Directors of the Company.</p>	<p><u>Clause 3.1:</u> “<b>Board of Directors</b>” or “<b>Board</b>” means the collective body of the Directors of the Company.</p>
<p><u>Clause 3.5:</u> “<b>Date of Acceptance</b>” shall mean the date of the communication in writing to the ESOP Committee of the acceptance of an Offer by an Eligible Employee by way of a letter substantially in the form as annexed hereto as <b>Annexure II</b>.</p>	<p><u>Clause 3.5:</u> “<b>Date of Acceptance</b>” shall mean the date of the communication in writing to the Trustees of the Trust and to the Nomination and Remuneration Committee, of the acceptance of an Offer by an Eligible Employee by way of a letter substantially in the form as annexed hereto as <b>Annexure II</b>.</p>
<p><u>Clause 3.10</u> “<b>Date of Vesting</b>” shall mean such dates as may be specified in the Letter of Offer.</p>	<p><u>Clause 3.7:</u> “<b>Date of Vesting</b>” shall mean such dates as may be specified in the Letter of Offer, provided that such date shall not be less than one year from the Date of Grant.</p>
<p><u>Clause 3.14:</u> “<b>Employee</b>” shall mean: (a) a permanent employee of the Company resident in India or out of India; (b) a director of the Company including any Independent Director or any whole-time director / managing director / salaried director of the Company; (c) a permanent employee of any present or future Subsidiary or the HoldCo, whether working in India or out of India as on the Date of Grant; (d) a director of a present or future Subsidiary or the HoldCo, including any Independent Director or any whole-time / managing director / salaried director of a Subsidiary or of the HoldCo whether working in India or outside India as on the Date of Grant.</p>	<p><u>Clause 3.11:</u> “<b>Employee</b>” shall mean: (a) a permanent employee of the Company who has been working in India or outside India; or (b) a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director; or (c) an employee as defined in clauses (a) or (b) of a SubCo, in India or outside India, or of a HoldCo of the Company, but does not include: (i) an employee who is a promoter or a person belonging to the promoter group; or (ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding Equity Shares of the Company.</p>
<p><u>Clause 3.22:</u> “<b>Fair Market Value</b>” or “<b>FMV</b>” means an amount established by the ESOP Committee which may be determined half - yearly based upon information provided by an independent accounting firm or a Merchant Banker who will conduct financial valuation of the Company and recommend a Fair Market Value price in accordance with prevalent market practice to value similar schemes.</p>	<p><u>Clause 3.18:</u> “<b>Fair Market Value</b>” or “<b>FMV</b>” means an amount established by the Nomination and Remuneration Committee which may be determined half - yearly based upon information provided by a Registered Valuer who will conduct financial valuation of the Company and recommend a Fair Market Value price in accordance with prevalent market practice to value similar schemes.</p>



<p><u>Clause 3.25:</u>  <b>“HoldCo”</b> shall mean any company which shall be a holding company of the Company in terms of Section 4(4) of the Companies Act, 1956 as may be amended or substituted from time to time.</p>	<p><u>Clause 3.20:</u>  <b>“HoldCo”</b> shall mean any company which shall be a holding company of the Company in terms of Section 2(46) of the Companies Act, 2013 as may be amended or substituted from time to time.</p>
<p><u>Clause 3.26:</u>  <b>“Independent Director”</b> means an independent director of the Company or the Subsidiary or the HoldCo as the case may be, as defined under Clause 49 of the model equity listing agreement as notified by the Securities and Exchange Board of India and as may be amended or substituted from time to time.</p>	<p><u>Clause 3.21:</u>  <b>“Independent Director”</b> means an independent director as defined under Section 2(47) of the Companies Act, 2013 and as per applicable laws and regulations, and as may be amended or substituted, from time to time.</p>
<p>No such clause on Key Managerial Personnel.</p>	<p><u>Clause 3.22:</u>  <b>“Key Managerial Personnel”</b> shall mean such persons as defined under Section 2(51) of the Companies Act, 2013 as may be amended or substituted from time to time.</p>
<p><u>Clause 3.27:</u>  <b>“Letter of Offer”</b> shall mean the letter issued by the Company intimating the Eligible Employee of the Options granted to him/her for acquiring a specified number of Shares at the Exercise Price in the manner as contemplated under this Scheme.</p>	<p><u>Clause 3.23:</u>  <b>“Letter of Offer”</b> shall mean the letter issued by the Company substantially in the form as set out in <b>Annexure I</b>, intimating the Eligible Employee of the Options granted to him/her for acquiring a specified number of Shares at the Exercise Price in the manner as contemplated under this Scheme.</p>
<p><u>Clause 3.17:</u>  <b>“ESOP Committee”</b> means the Remuneration Committee of the Board constituted <i>inter alia</i> for supervising, monitoring and also in the process, assisting the Trustees for and in connection with the proper implementation of the Scheme by the Trustees and with the authority to implement and administer this Scheme.</p>	<p><u>Clause 3.24:</u>  <b>“Nomination and Remuneration Committee”</b> or <b>“NRC”</b> means the Committee of the Board constituted, <i>inter alia</i>, for supervising, monitoring and also in the process, assisting the Trustees for and in connection with the proper implementation of the Scheme by the Trustees and with the authority to implement and administer this Scheme.   <i>It is clarified that the erstwhile ESOP Committee was merged with the Nomination and Remuneration Committee, with effect from March 30, 2015.</i></p>
<p><u>Clause 3.29:</u>  <b>“Offer”</b> shall mean the offer in writing substantially in the form as set out in <b>Annexure I</b> hereto by the Trust to an Eligible Employee conferring an Option on such Eligible Employee to purchase such number of Shares as may be specified in such offer, from the Trust in the manner as contemplated under this Scheme.</p>	<p><u>Clause 3.25:</u>  <b>“Offer”</b> shall mean the offer, in writing, by the Trust to an Eligible Employee conferring an Option on such Eligible Employee to purchase such number of Shares as may be specified in such offer, from the Trust in the manner as contemplated under this Scheme.</p>
<p><u>Clause 3.31:</u>  <b>“Retention Period”</b> means a continuous period commencing from the date on which the Eligible Employee shall have acquired the Shares in question from the Trust and expiring on the completion of three years from the date on which the Shares were acquired.</p>	<p><u>Clause 3.27:</u>  <b>“Retention Period”</b> means a continuous period commencing from the date on which the Eligible Employee shall have acquired the Shares in question from the Trust and expiring on the completion of three years from the date on which the Shares were acquired or such other period as may be determined by the NRC, from time to time.</p>

<p><u>Clause 3.34:</u></p> <p>“<b>SEBI ESOP Guidelines</b>” shall mean Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.</p>	<p><u>Clause 3.29:</u></p> <p>“<b>SEBI ESOP Guidelines</b>” shall mean Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.</p>
<p><u>Clause 3.38:</u></p> <p>“<b>Subsidiary</b>” means any company which shall be a subsidiary of the Company in terms of Section 4(1) of the Companies Act, 1956 as may be amended or substituted from time to time.</p>	<p><u>Clause 3.33:</u></p> <p>“<b>Subsidiary</b>” or “<b>SubCo</b>” means any company which shall be a subsidiary of the Company in terms of Section 2(87) of the Companies Act, 2013, as may be amended or substituted from time to time.</p>
<p><u>Clause 3.40:</u></p> <p>“<b>Trustee(s)</b>” shall mean the person(s) appointed in this behalf under the trust deed dated 2/03/10 executed between the trustee and the settlor (“<b>Settlor</b>”) thereof (“<b>Trust Deed</b>”) and who shall hold the property of the Trust in trust for the benefit of the Employees or in accordance with the provisions of the Trust Deed.</p>	<p><u>Clause 3.34:</u></p> <p>“<b>Trustee(s)</b>” shall mean the person(s) appointed in this behalf under the trust deed dated 2/03/10 executed between the trustee and the settlor (“<b>Settlor</b>”) thereof (“<b>Trust Deed</b>”) or under any duly approved modification thereof and who shall hold the property of the Trust in trust for the benefit of the Employees or in accordance with the provisions of the Trust Deed.</p>
<p><u>Clause 3.41:</u></p> <p>“<b>Unexercised Option</b>” shall mean any Option which has vested in an Eligible Employee under this Scheme and is not exercised by him/her within a span of 1 year from the Date of such Vesting.</p>	<p><u>Clause 3.35:</u></p> <p>“<b>Unexercised Option</b>” shall mean any Option which has vested in an Eligible Employee under this Scheme and is not exercised by him/her within such time as may be determined by the Nomination and Remuneration Committee, from the Date of Vesting.</p>
<p><u>Clause 4.4: Administration of Scheme</u></p> <p>Notwithstanding anything stated herein, subject to the terms of the resolution passed by the Members of the Company at the Extra-ordinary General Meeting of the Company held on March 2, 2010 (“<b>EGM</b>”), approving the Scheme, the Trustees in consultation with the ESOP Committee shall have the authority to determine the following, all in a manner consistent with the provisions of this Scheme:</p> <p><i>Points a) to h)</i></p> <p><i>Existing Point i)</i></p> <p>“such other steps as may be felt necessary or expedient for administering this Scheme subject to the terms of the Trust Deed.”</p>	<p><u>Clause 4.4: Administration of Scheme</u></p> <p>Notwithstanding anything stated herein, subject to the terms of the Special Resolution passed by the Members of the Company at the Extra-ordinary General Meeting of the Company held on March 2, 2010 (“<b>EGM</b>”) approving the Scheme, and in terms of Special Resolution(s) passed by the Members of the Company from time to time at General Meetings, as required by law, the Trustees in consultation with the NRC, shall have the authority to determine the following, all in a manner consistent with the provisions of this Scheme and applicable law:</p> <p><i>Points a) to h) remain the same as in the existing clause.</i></p> <p><i>Point i) is amended, as under:</i></p> <p>“such other steps as may be felt necessary or expedient for administering this Scheme subject to the terms of the Trust Deed and applicable law.”</p>

<p><b>Clause 5.1: Powers and authority of the ESOP Committee</b></p> <p>Subject to the terms of the resolution passed by the Members of the Company at the EGM approving the issue of Shares to the Eligible Employees under this Scheme, the ESOP Committee shall have the power and authority to determine certain aspects and terms governing this Scheme, in its absolute discretion including but not limited to the following:</p> <p><i>Points a) to j)</i></p> <p><i>Existing Point k):</i>  “amendment of the terms of this Scheme which is not detrimental to the interests of the Employees”;</p> <p><i>Points l) to n)</i></p>	<p><b>Clause 5.1: Powers and authority of the Nomination and Remuneration Committee</b></p> <p>Subject to the terms of the resolution passed by the Members of the Company at the EGM approving the issue of Shares to the Eligible Employees under this Scheme, and in terms of the Special Resolution(s) passed by the Members of the Company from time to time at General Meetings as required by law, the NRC shall have the power and authority to determine certain aspects and terms governing this Scheme, in its absolute discretion, including but not limited to the following:</p> <p><i>Points a) to j) remain the same as in the existing clause.</i></p> <p><i>Point k) is amended, as under:</i>  “subject to the approval of the Members by way of a Special Resolution at a General Meeting, amendment of the terms of this Scheme which is not detrimental to the interests of the Employees;”</p> <p><i>Points l) to n) remain the same as in the existing clause.</i></p> <p><i>Point o) is inserted, as under:</i>  “determining the Retention Period and Lock-in Period in terms of the Shares allotted/transferred to Eligible Employees.”</p>
<p>No such clause on granting of options to employees to HoldCo or SubCo.</p>	<p><b>Clause 9.5: Grant of Option and basis of determining the number of Options to be Granted</b></p> <p>The amount, if any, payable by the Eligible Employees, at the time of Grant of Option:</p> <p>a) may be forfeited by the Company, if the Option is not exercised by the Eligible Employees within the Exercise Period; or</p> <p>b) may be refunded to the Eligible Employees, if the Options are not vested due to non-fulfilment of conditions relating to Vesting of Option as per the Scheme.</p>
<p><b>Clause 11.1: Vesting of the Options Granted</b></p> <p>Subject to such terms as the ESOP Committee may decide at its absolute discretion, the Options shall Vest in 3 (three) equal instalments in the Eligible Employees in the following manner:</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p><b>Clause 11.1: Vesting of the Options Granted</b></p> <p>The period between the Date of Grant and Date of Vesting (“<b>Vesting Period</b>”) shall be determined by the NRC, provided that the Vesting Period shall not be less than one year.</p> <p>Provided that in no event shall the period between the Date of Grant and Date of Vesting exceed 3 years from the Date of Grant.</p>
<p>No such clause on granting of options to employees under an amalgamation or merger.</p>	<p><b>Clause 11.2: Vesting of the Options Granted</b></p> <p>In case, options are granted by the Company under its Employees Stock Option Scheme in lieu of options held by the same person under an Employees Stock Option Scheme in another company, which has merged or amalgamated with the Company, the period during which the options granted by the merging or amalgamating company were held by him shall be adjusted against the minimum vesting period required under this clause.</p>

<p>No such clause on loans for purchase of shares.</p>	<p><b><u>Clause 14 - Loans for purchase of Shares</u></b></p> <p><u>Clause 14.1:</u></p> <p>Loans may be extended to Eligible Employees by the Company and its HoldCo or SubCo, as the case may be, for purchase of Equity Shares of the Company under the Scheme, as approved by their respective boards, subject to due compliance of applicable laws.</p> <p><u>Clause 14.1.1:</u></p> <p>Such loans shall be provided by the company in which the Eligible Employee is employed, in accordance with the applicable laws, the conditions of service applicable to such Eligible Employee and the Remuneration Policy, if any, adopted by the respective company.</p> <p><u>Clause 14.1.2:</u></p> <p>The Directors or Key Managerial Personnel of the Company, the HoldCo and the SubCo shall not be entitled to such loans, unless permitted by law.</p> <p><u>Clause 14.2:</u></p> <p>Loans may be extended to the Trust by the Company and its subsidiaries for purchase of or subscription for the Equity Shares of the Company, subject to due compliance of applicable laws.</p>
<p>No such clause on permanent incapacity of employee.</p>	<p><b><u>Clause 17.4: Event of death / permanent incapacity of the Eligible Employee who has been granted Options</u></b></p> <p>In case of permanent incapacity of the Eligible Employee whilst in the service/employment or directorship of the Company, the SubCo or the HoldCo (as the case may be), all Options granted to him as on the date of permanent incapacitation, shall Vest in him on the day of the permanent incapacitation.</p>
<p><b><u>Clause 18.3.3: Event of termination of service of the Eligible Employee due to retirement of the Employee</u></b></p> <p>For the purpose of this Clause, retirement in normal course would mean attaining such age as may be specified for retirement by the Company, Subsidiary or HoldCo (as the case may be) for a director or an employee (as may be applicable) or on expiry of any extension of service allowed by the Company, Subsidiary or HoldCo (as the case may be) thereafter.</p>	<p><b><u>Clause 18.3.3: Event of termination of service of the Eligible Employee due to retirement of the Employee</u></b></p> <p>For the purpose of this Clause, retirement in normal course would mean attaining such age as may be specified for retirement by the Company, SubCo or HoldCo (as the case may be) for a Director or an Employee (as may be applicable) or on expiry of any extension of service allowed by the Company, SubCo or HoldCo (as the case may be) thereafter, pursuant to any Regulations or Guidelines adopted by the Company, SubCo or HoldCo (as the case may be) for a Director or an Employee (as may be applicable).</p>

<p><b>Clause 28.3: Confidentiality</b></p> <p>The Board shall, if required by law (or by way of good corporate practice) disclose either in the Directors' Report or in the annexure to the Directors' Report, the following details of this Scheme:</p> <ul style="list-style-type: none"> <li>(i) The total number of Shares under this Scheme as approved by the Members;</li> <li>(ii) The price at which such Shares are issued;</li> <li>(iii) Employee-wise details of the Shares issued;</li> <li>(iv) Diluted earnings per Share pursuant to issuance of Shares under this Scheme;</li> <li>(v) Consideration received against the issuance of Shares;</li> <li>(vi) Shares realized by the Custodian; and</li> <li>(vii) Total number of Shares allotted transferred to the Trust.</li> </ul> <p>The Employees shall not have any right to object to such disclosure by the Company.</p>	<p><b>Clause 28.3: Confidentiality</b></p> <p>The Board shall, <i>inter alia</i>, disclose in the Directors' Report, such disclosures as may be required under the Companies Act, 2013 read with the Rules framed thereunder, as may be amended from time to time, and under any other applicable law and include such other details as the Directors may deem fit to disclose.</p> <p>The Employees shall not have any right to object to such disclosure by the Company.</p>
<p><b>Clause 37: Approval of Scheme</b></p> <p>This Scheme has been approved by the Board at its Meeting held on February 1, 2010 and approved by the Members at the EGM on March 2, 2010.</p>	<p><b>Clause 37: Approval of Scheme</b></p> <p>This Scheme was initially approved by the Board at its Meeting held on February 1, 2010 and approved by the Members at the EGM on March 2, 2010. This Scheme has been and can be amended by the Board, Trustees, NRC and the Members, from time to time, subject to compliance with applicable laws.</p>
<p><b>Clause 38: Arbitration</b></p> <p>All disputes arising out of or in connection with this Scheme shall be exclusively and irrevocably referred to for arbitration to a single arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Mumbai, India.</p>	<p><b>Clause 38: Arbitration</b></p> <p>All disputes arising out of or in connection with this Scheme shall be exclusively and irrevocably referred to for arbitration to a single arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Mumbai, India. The Parties agree to have their dispute resolved by fast track procedure specified in Section 29B of the Arbitration and Conciliation Act, 1996.</p>

5. Besides the above, some generic changes in language have been made in the Scheme as also changes have been made to the Annexures to the Scheme, in order to give effect to the aforesaid amendments.

**TATA CAPITAL LIMITED**  
**EMPLOYEE STOCK PURCHASE / OPTION SCHEME**

## Employee Stock Purchase / Option Scheme

### 1. Introduction

This document is private and confidential and for the purposes of the addressee hereto and sets out the salient features of Tata Capital Limited's ("**Company's**") Employee Stock Purchase/Option Scheme ("**Employee Stock Purchase / Option Scheme**" or "**Scheme**"), the duties and responsibilities of the Employees as also the benefits and the procedure to be followed.

### 2. Purpose

The objective and purpose of the Scheme is:

- (a) to promote the best interests of the Company and its Members by encouraging Employees to acquire an ownership interest in the Company by purchase of Shares of the Company, thus aligning their interests with those of the Members of the Company;
- (b) to promote the long term interests of the Company by providing an incentive to attract, retain and reward Employees (as defined below) performing services for the Company whether directly as an Employee of the Company or indirectly as an Employee of a Subsidiary Company ("**SubCo**") or the Holding Company ("**HoldCo**") and by motivating such Employees to contribute to the growth and profitability of the Company, and thereby promoting the welfare of the Employees;
- (c) providing or assisting in the provision of general welfare and assistance through the TCL Employee Welfare Trust (hereinafter the "**Trust**") established by the Company for the benefit of the Employees, *inter alia*, with the object that the Trustees should operate a scheme or schemes for providing incentives/motivation to senior employees by way of or similar to Employee Stock Option/Purchase Schemes.

### 3. Definitions & Rules of Interpretation

#### A. Definitions

The following terms as used herein shall have the meaning specified:

- 3.1. "**Board of Directors**" or "**Board**" means the collective body of the Directors of the Company.
- 3.2. "**Business Days**" shall mean days on which the Company's offices in Mumbai are open for normal business operations but shall exclude Saturdays and Sundays.
- 3.3. "**Company**" shall mean Tata Capital Limited.
- 3.4. "**Custodian**" shall mean such entity registered to provide custodial services under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996 and appointed from time to time by the Trustees for the purposes of receiving and holding Shares under this Scheme.
- 3.5. "**Date of Acceptance**" shall mean the date of the communication in writing to the Trustees of the Trust and to the Nomination and Remuneration Committee, of the acceptance of an Offer by an Eligible Employee by way of a letter substantially in the form as annexed hereto as **Annexure II**.
- 3.6. "**Date of Grant**" shall mean such date(s) on which the Letter of Offer shall be issued to the Eligible Employees under this Scheme conferring a right on the Eligible Employee to purchase Shares from the Trust in the manner as contemplated under this Scheme.
- 3.7. "**Date of Vesting**" shall mean such dates as may be specified in the Letter of Offer, provided that such date shall not be less than one year from the Date of Grant.
- 3.8. "**Depository Participant**" shall mean such entity registered to act as a participant under the Depositories Act, 1996 and with whom the Trustees shall have opened a dematerialized securities account for the purposes of receiving and holding dematerialized Shares under this Scheme.

- 3.9. **“EGM”** shall have the same meaning as defined in Clause 4.4 of this Scheme.
- 3.10. **“Eligible Employee”** shall mean an Employee who is selected by the Nomination and Remuneration Committee for grant of Offer, from time to time and is otherwise eligible for all the benefits under this Scheme and shall exclude (i) an Employee who is a ‘promoter’ or belongs to a ‘promoter group’; (ii) a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the total issued equity shares of the Company; and (iii) Employees of the Company, its SubCo or the HoldCo not falling within the categories detailed in (i) to (ii) above but who have yet to complete 1 year of continuous employment on a reference date prior to the Date of Grant as may be approved by the Nomination and Remuneration Committee. Notwithstanding anything contained herein, the Nomination and Remuneration Committee in consultation with the Board may recommend such other Employee as eligible for grant of Options in accordance with the provisions contained herein.
- 3.11. **“Employee”** shall mean:
- (a) a permanent employee of the Company who has been working in India or outside India; or
  - (b) a Director of the Company, whether a Whole Time Director or not but excluding an Independent Director; or
  - (c) an employee as defined in clauses (a) or (b) of a SubCo, in India or outside India, or of a HoldCo of the Company, but does not include:
    - (i) an employee who is a promoter or a person belonging to the promoter group; or
    - (ii) a director who either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten percent of the outstanding Equity Shares of the Company.
- 3.12. **“Employee Trust”** or **“Trust”** shall mean a trust constituted in order to administer this Scheme and which has been settled by way of a deed executed between the Trustee(s) and the Settlor under the name of the ‘TCL Employee Welfare Trust’.
- 3.13. **“Employee Stock Purchase / Option Scheme”** or **“Scheme”** shall mean this Scheme.
- 3.14. **“Exercise of Right or Exercise of Option”** shall mean the making of an Exercise Application by an Eligible Employee to the Trustees for purchase of Shares against the Option(s) vested in him/her in pursuance of this Scheme.
- 3.15. **“Exercise Price”** shall mean the price payable by the Eligible Employee for the purchase of Shares of the Company pursuant to the Exercise of the Right in pursuance of this Scheme which price may be specified in the Letter of Offer.
- 3.16. **“Exercise Period”** shall mean the period within which the Shares vested in any Eligible Employee have to be purchased and which period may be specified in the Letter of Offer.
- 3.17. **“Exercise Application”** shall mean the prescribed application form in which the Eligible Employee has to apply to the Trustees for an Exercise of Right and shall be accompanied with a cheque/demand draft for an amount equal to the Exercise Price and all other applicable expenses required to be paid by the Eligible Employee in question on or for the purchase of the Shares in question including any amounts required to be reimbursed to the Company for any fringe benefit tax or other similar taxes including without limitation perquisite tax, if any, paid by the Company in relation to either the grant of the Option or the purchase of the underlying Shares by the Eligible Employee as well as such other documents as may be prescribed pursuant to the provisions of this Scheme, for purchase of the Shares vested in him/her.
- 3.18. **“Fair Market Value”** or **“FMV”** means an amount established by the Nomination and Remuneration Committee which may be determined half - yearly based upon information provided by a Registered Valuer who will conduct financial valuation of the Company and recommend a Fair Market Value price in accordance with prevalent market practice to value similar schemes.



- 3.19. **“Fully Diluted Share Capital”** shall mean the Share Capital of the Company as calculated assuming the conversion, exercise or exchange of all securities which are convertible into or exchangeable with Shares of the Company, outstanding as of the date of such calculation (whether or not by their terms then currently convertible, exercisable or exchangeable).
- 3.20. **“HoldCo”** shall mean any company which shall be a holding company of the Company in terms of Section 2(46) of the Companies Act, 2013 as may be amended or substituted from time to time.
- 3.21. **“Independent Director”** means an independent director as defined under Section 2(47) of the Companies Act, 2013 and as per applicable laws and regulations, and as may be amended or substituted, from time to time.
- 3.22. **“Key Managerial Personnel”** shall mean such persons as defined under Section 2(51) of the Companies Act, 2013 as may be amended or substituted from time to time.
- 3.23. **“Letter of Offer”** shall mean the letter issued by the Company substantially in the form as set out in **Annexure I**, intimating the Eligible Employee of the Options granted to him/her for acquiring a specified number of Shares at the Exercise Price in the manner as contemplated under this Scheme.
- 3.24. **“Nomination and Remuneration Committee”** or **“NRC”** means the Committee of the Board constituted, *inter alia*, for supervising, monitoring and also in the process, assisting the Trustees for and in connection with the proper implementation of the Scheme by the Trustees and with the authority to implement and administer this Scheme.
- It is clarified that the erstwhile ESOP Committee was merged with the Nomination and Remuneration Committee, with effect from March 30, 2015.*
- 3.25. **“Offer”** shall mean the offer, in writing, by the Trust to an Eligible Employee conferring an Option on such Eligible Employee to purchase such number of Shares as may be specified in such offer, from the Trust in the manner as contemplated under this Scheme.
- 3.26. **“Option(s)”** shall mean a right (but not an obligation) granted to an Eligible Employee pursuant to the Offer to purchase specified number of Shares of the Company from the Trust, in the manner as contemplated under this Scheme.
- 3.27. **“Retention Period”** means a continuous period commencing from the date on which the Eligible Employee shall have acquired the Shares in question from the Trust and expiring on the completion of three years from the date on which the Shares were acquired or such other period as may be determined by the NRC, from time to time.
- 3.28. **“Restructuring”** shall have the same meaning as defined in Clause 5.1(l).
- 3.29. **“SEBI ESOP Guidelines”** shall mean Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
- 3.30. **“Settlor”** shall mean Mr. Shailesh H Rajadhyaksha.
- 3.31. **“Shares”** shall mean the equity shares of the Company of the nominal face value of Rs. 10/- each or such other modified value due to any stock splits, consolidation or other reorganisation of the capital structure of the Company or as may be approved by the Members of the Company.
- 3.32. **“Stock Exchange”** shall mean a stock exchange recognised by the Central Government as is defined in Section 2(j) of the Securities Contracts (Regulation) Act, 1956 as may be amended or substituted from time to time.
- 3.33. **“Subsidiary”** or **“SubCo”** means any company which shall be a subsidiary of the Company in terms of Section 2(87) of the Companies Act, 2013, as may be amended or substituted from time to time.
- 3.34. **“Trustee(s)”** shall mean the person(s) appointed in this behalf under the trust deed dated 2/03/10 executed between the trustee and the settlor (**“Settlor”**) thereof (**“Trust Deed”**) or under any duly approved modification thereof and who shall hold the property of the Trust in trust for the benefit of the Employees

or in accordance with the provisions of the Trust Deed.

- 3.35. **“Unexercised Option”** shall mean any Option which has vested in an Eligible Employee under this Scheme and is not exercised by him/her within such time as may determined by the Nomination and Remuneration Committee, from the Date of Vesting.
- 3.36. **“Vest” or “Vesting”** shall mean the process by which the Eligible Employee is given the right to apply for Shares of the Company against the Options granted to him in pursuance of this Scheme and the term “Vested” shall be construed accordingly.

B. Rules of Interpretation

In this Agreement where the context admits:

- (i) any reference to any statute or statutory provision shall include:
- (a) all subordinate legislation made from time-to-time under that provision (whether or not amended, modified, re-enacted or consolidated);
  - (b) such provision as may, from time-to-time, be amended, modified, re-enacted or consolidated following the date of effectiveness of this Scheme;
- (ii) any reference to the singular shall include the plural and vice-versa;
- (iii) any references to the masculine, the feminine and the neuter shall include the others;
- (iv) the annexures form an integral part of this Scheme and shall have the same force and effect as if expressly set out in the body of this Scheme, and any reference to this Scheme shall include any annexures to it. Any references to clauses and annexures are to clauses of and annexures to this Scheme; and
- (v) headings to clauses and schedules are for convenience only and do not affect the interpretation of this Scheme (or any part thereof).

**4. Administration of Scheme**

- 4.1. The Trustees shall in exercise of the powers conferred on them by the Trust Deed, solely and exclusively administer, manage and operate the Scheme in consultation with the NRC.
- 4.2. The Trustees shall (where necessary in consultation with the NRC) interpret the Scheme and shall, prescribe, amend, and rescind rules and regulations relating to the Scheme, and make all other determinations necessary or advisable for its administration. The decision of the Trustees on any question concerning the interpretation of the Scheme or its administration with respect to any grant under the Scheme shall be final and binding upon all Employees. No member of the NRC or any Trustee shall be liable for any action or determination made in good faith with respect to the Scheme hereunder.
- 4.3. The Trustees shall (where necessary in consultation with the NRC), while arriving at the decision on the quantum of the Shares for which an Offer may be made to an Eligible Employee, take into consideration the attributes such as (but not limited to) the grade of the Employee, his contribution to the overall performance of the Company (or its SubCo or the HoldCo as applicable), the performance of any division of the Company (or any division of its SubCo or the HoldCo as applicable) to which such Employee belongs, the importance of the Employee to the future performance and success of the Company (or its SubCo or the HoldCo as applicable), the sense of loyalty towards the Company (or its SubCo or the HoldCo as applicable), the significance of the Employee in enterprise valuation of the Company (or its SubCo or the HoldCo as applicable), etc. Without prejudice to the generality of the foregoing, the decisions of Trustees as above shall, be reasonably consistent with the recommendations made by the NRC pursuant to Clause 5.
- 4.4. Notwithstanding anything stated herein, subject to the terms of the Special Resolution passed by the Members of the Company at the Extra-ordinary General Meeting of the Company held on March 2, 2010

(“EGM”) approving the Scheme, and in terms of Special Resolution(s) passed by the Members of the Company from time to time at General Meetings, as required by law, the Trustees in consultation with the NRC, shall have the authority to determine the following, all in a manner consistent with the provisions of this Scheme and applicable law:

- a) the number of Shares to be allocated to each Eligible Employee;
- b) the date by which the Eligible Employee is required to furnish a written acceptance of the Offer;
- c) the number of tranches in which Shares may be purchased by Eligible Employees and the number of Shares that may be purchased in each tranche;
- d) the Exercise Price for Shares covered under the Offer/s issued / to be issued by the Trustees;
- e) the Exercise Period within which Shares would have to be purchased by an Eligible Employee;
- f) the conditions under which Shares vesting in an Eligible Employee may lapse including in case of termination of employment of such Eligible Employee for any misconduct or fraud or for any loss of confidence in such Eligible Employee by the management of either the Company, the HoldCo or any SubCo, as the case may be;
- g) the right of an Eligible Employee to purchase all the Shares vesting in such Eligible Employee at one time or at various points of time within the Exercise Period;
- h) the amendment, applicability or modification of any of the above in relation to any Employee or group or class of Employees;
- i) such other steps as may be felt necessary or expedient for administering this Scheme subject to the terms of the Trust Deed and applicable law.

4.5. The terms prescribed by the Trustees shall be final and binding on all the Eligible Employees.

4.6. The Trustees may borrow such amount of funds from the Company or any other party as may be required for the purchase of the Shares for the purpose of this Scheme, subject to the terms and conditions of the Trust Deed.

4.7. Any transfer of shares from the Trust to Eligible Employees, shall be preceded with an approval by the NRC.

## **5. Powers and authority of the Nomination and Remuneration Committee**

5.1. Subject to the terms of the resolution passed by the Members of the Company at the EGM approving the issue of Shares to the Eligible Employees under this Scheme, and in terms of the Special Resolution(s) passed by the Members of the Company from time to time at General Meetings, as required by law, the NRC shall have the power and authority to determine certain aspects and terms governing this Scheme, in its absolute discretion, including but not limited to the following:

- a) determining the Eligible Employees amongst the different categories of Employees to whom the Offer is to be made;
- b) criteria for determination of the Eligible Employee to whom Options are to be offered;
- c) the time when the Options would be granted;
- d) the criteria for determining the number of Options to be granted to the Eligible Employees;
- e) the period and date/s in relation to which the criteria for determining the number of Options to be granted are to be determined and fulfilment of conditions to be verified;
- f) the number of Options to be granted to each Eligible Employee provided that the same does not exceed 0.25% of the Fully Diluted Share Capital;

- g) the terms and conditions subject to which the Options Vesting would be exercisable by the Eligible Employee;
  - h) the number of Options to be apportioned/allocated for various grades of Eligible Employees;
  - i) assignment of weightage to length of service, grade and performance rating of the Eligible Employee;
  - j) the conditions under which Options vesting in an Eligible Employee may lapse;
  - k) subject to the approval of the Members by way of a Special Resolution at a General Meeting, amendment of the terms of this Scheme which is not detrimental to the interests of the Employees;
  - l) the procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, or any change in control or constitution of the Company or any re-structuring of the Company including but not limited to merger, de-merger, amalgamation, reverse merger or subsidiarisation (any such merger, de-merger, amalgamation, reverse merger or subsidiarisation is referred to as “**Restructuring**”). The NRC shall seek appropriate consultation with the Board and may further seek professional assistance or otherwise engage professional consultants for such advice as may be required for this purpose;
  - m) the specified time period within which the Eligible Employee shall exercise the vested Options in the event of termination or resignation of such Eligible Employee;
  - n) the amendment, applicability or modification of any of the abovementioned terms of this Scheme in relation to any Employee or group or class of Employees; and
  - o) determining the Retention Period and Lock-in Period in terms of the Shares allotted/transferred to Eligible Employees.
- 5.2. Notwithstanding the above, the NRC shall have the absolute discretion to determine whether Options would be granted to an Eligible Employee and may decide not to grant any Options for any reason whatsoever, including in the event, the NRC is of the view that the Eligible Employee has not performed upto the expectations on which such Eligible Employee was appointed, or has not been regularly attending office for a substantial period of time without any valid reason or authority, or is perceived to be guilty of misconduct, or has violated the terms of employment or policies or procedures or codes, or on account of any other circumstances as the NRC may in its absolute discretion decide.
- 6. Post-issue equity dilution**
- 6.1. The Company shall ensure that the aggregate allotment of Shares under this Scheme, shall at all times, not exceed 2.5% of the Fully Diluted Share Capital of the Company.
- 7. Total number of Shares in respect of which Options could be granted (Total available Options)**
- 7.1. The maximum total number of Shares of the Company transferred to the Trust by the Company to be held for the benefit of the Employees under this Scheme, initially was 63,500,000 Shares i.e. 2.489% of the Fully Diluted Share Capital of the Company as at February 1, 2010. The same represents the Shares approved for issue for this purpose by the Members at the EGM. In the event of any future increase in the issued and paid-up Share capital of the Company, the maximum total number of Shares with respect to which Options may be granted shall be 2.5% of the Fully Diluted Share Capital of the Company. Provided however that, if any additional Shares be proposed to be issued / transferred to the Trust, appropriate prior approvals of the Board of the Company and the Members of the Company shall be sought at such time.
- 8. Offer Terms and Acceptance of the Shares**
- 8.1. Subject to the terms and conditions contained herein, the Trustees may, in consultation with the NRC, at any time and from time to time, make an Offer under this Scheme to any Eligible Employee to purchase

such number of Shares at a specified Exercise Price as it shall designate in the Letter of Offer. However, no Eligible Employee shall be made an Offer under this Scheme to purchase Shares that are in excess of 0.25% of the Fully Diluted Share Capital of the Company save and except where specifically approved by the Board. The Board at its discretion may advise the NRC to make an Offer to an Eligible Employee under this Scheme to purchase Shares in excess of 0.25% of the Fully Diluted Share Capital.

- 8.2. The Eligible Employee shall communicate his/her acceptance (in substantially the form set out on **Annexure II** hereto) to the NRC within 90 days from the date of Offer specifying the number of Shares he would like to accept in the manner as may be specified. The Shares allotted to the Eligible Employee shall vest in the manner as set out in the Letter of Offer.
- 8.3. If the Eligible Employee does not communicate his/her acceptance within 90 days from the date of Offer, the Offer shall automatically lapse.

#### **9. Grant of Option and basis of determining the number of Options to be Granted**

- 9.1. The actual number of Options to be granted to each Eligible Employee would be in accordance with the criteria as may be determined in this regard by the NRC at its absolute discretion; provided that the NRC, shall not Grant any Options for Shares exceeding in the aggregate, 2.5% of the Fully Diluted Share Capital as on February 1, 2010, without the prior approval of the Members of the Company by way of a separate resolution.
- 9.2. The Eligible Employees shall have the option, but no obligation to exercise Options offered to him, to purchase Shares of the Company during the Exercise Period.
- 9.3. Any and all allocation of Options to Eligible Employees by the Trust shall be preceded with an approval(s) by the NRC for such allocation.
- 9.4. The Options allotment under this Scheme, shall at all times, upon Exercise, not exceed 2.5% of the Fully Diluted Share Capital of the Company.
- 9.5. The amount, if any, payable by the Eligible Employees, at the time of Grant of Option:
- a) may be forfeited by the Company, if the Option is not exercised by the Eligible Employees within the Exercise Period; or
  - b) may be refunded to the Eligible Employees, if the Options are not vested due to non-fulfilment of conditions relating to Vesting of Option as per the Scheme.

#### **10. Non-transferability of Option**

The Option granted to the Eligible Employee shall not be transferable.

#### **11. Vesting of the Options Granted**

- 11.1. The period between the Date of Grant and Date of Vesting ("**Vesting Period**") shall be determined by the NRC, provided that the Vesting Period shall not be less than one year.
- Provided that in no event shall the period between the Date of Grant and Date of Vesting exceed 3 years from the Date of Grant.
- 11.2. In case, options are granted by the Company under its Employees Stock Option Scheme in lieu of options held by the same person under an Employees Stock Option Scheme in another company, which has merged or amalgamated with the Company, the period during which the options granted by the merging or amalgamating company were held by him shall be adjusted against the minimum vesting period required under this clause.
- 11.3. Notwithstanding anything contained herein, the NRC, at its sole and absolute discretion shall have the right to advance or postpone any or all Vesting under this Scheme either in respect of all Eligible Employees or for a group of Eligible Employees or for an individual Eligible Employee, subject to applicable laws.

## 12. Exercise Period, Exercise Price and Procedure

- 12.1. The Exercise Period in respect of the Vested Options shall commence from the Date of Vesting and will expire on completion of one year from the Date of Vesting or within such further period as may be determined by the NRC from time to time.
- 12.2. Notwithstanding the provisions of Clause 12.1 above, the NRC shall have the right, at its sole discretion, to determine the Exercise Period of any Options for any Eligible Employee or any group or class of Eligible Employees.
- 12.3. Notwithstanding anything contained herein, in the event the Eligible Employee has not exercised the vested Options prior to the expiry of the Exercise Period, the Options shall lapse.
- 12.4. The exercise of an Option by the Eligible Employee during the Exercise Period shall be communicated by delivering a duly completed Exercise Application (in substantially in the form as set out in **Annexure III**) signed by such Eligible Employee to the Trustees.
- 12.5. The Eligible Employee exercising his/her Option would be required under the Exercise Application to mention the number of Shares that he/she is willing to purchase under this Scheme. For the Exercise of Right (whether in whole or in part) by an Eligible Employee at any time during the Exercise Period, the Eligible Employee in question must, execute all such documents, deeds and other writings during the Exercise Period as may be specified in this regard by the NRC.
- 12.6. At the time of delivery of an Exercise Application, the Eligible Employee in question shall be required to simultaneously pay to the Trust, the aggregate amount payable for purchase of the Shares which shall comprise the applicable Exercise Price payable for the Shares in question and any other amount required to be paid by the Eligible Employee in question under the provisions of this Scheme. Any transfer of Shares from the Trust to the Eligible Employee in question shall only take place at the end of the calendar month in which the Exercise Application in question was delivered by the Eligible Employee in question provided however that in the event an Exercise Application is delivered within the last 7 days of any calendar month, then any transfer of Shares from the Trust shall take place only at the end of the immediately following calendar month. It is clarified that the time-periods set out in this Clause for transfer of Shares to the Eligible Employee are indicative in nature and none of the Trustees, the Trust or the Company shall be liable in case the said time-periods are not met, with regard to any particular transfer of Shares.
- 12.7. The Eligible Employee shall comply with all statutory and regulatory requirements then applicable to the Exercise of the Right under this Scheme. Once lodged, an Exercise Application shall be irrevocable save with the consent of the NRC.
- 12.8. The Employee should also give an undertaking, if it is requested by the Company, that the Shares have been acquired by him/her in accordance with the provisions contained herein.
- 12.9. The Exercise Price per Share shall be the Fair Market Value of the Shares determined at the Date of Grant.
- 12.10. Upon an Exercise of Right, the Eligible Employee in question shall be entitled to receive Shares from the Trustees in the manner as contemplated under this Scheme. All Shares delivered by the Trust to an Eligible Employee shall be delivered only in a dematerialized form.
- 12.11. The right to apply and obtain delivery of the Shares will lapse if not exercised within the specified Exercise Period.

## 13. Fractional Shares

In the event of Exercise of Options resulting in fractional Shares, the NRC shall be entitled to round off the number of Shares to be issued to the nearest whole number.

#### **14. Loans for purchase of Shares**

- 14.1. Loans may be extended to Eligible Employees by the Company and its HoldCo or SubCo, as the case may be, for purchase of Equity Shares of the Company under the Scheme, as approved by their respective boards, subject to due compliance of applicable laws.
- 14.1.1. Such loans shall be provided by the company in which the Eligible Employee is employed, in accordance with the applicable laws, the conditions of service applicable to such Eligible Employee and the Remuneration Policy, if any, adopted by the respective company.
- 14.1.2. The Directors or Key Managerial Personnel of the Company, the HoldCo and the SubCo shall not be entitled to such loans, unless permitted by law.
- 14.2. Loans may be extended to the Trust by the Company and its subsidiaries for purchase of or subscription for the Equity Shares of the Company, subject to due compliance of applicable laws.

#### **15. Retention Period and Procedure**

- 15.1. Each Eligible Employee shall provide an undertaking in writing to the NRC and the Trustees that during the Retention Period, the Eligible Employee shall not in any manner (including but not limited to by way of sale or pledge) transfer the Shares save and except to the Trustees acting on behalf of the Trust, in accordance with the provisions of this Scheme.
- 15.2. Save and except as otherwise provided in this Scheme or unless otherwise agreed in writing by the Trust and the Employees, no Eligible Employee shall during the Retention Period, either himself/herself or by instructing any person, directly or indirectly sell, transfer, pledge, charge or otherwise encumber, alienate, bequeath or dispose of in any manner the whole or any part of the legal title or any beneficial interest in, or grant any option or other rights over, any of the Shares to any person nor permit any such alienation, bequest, transfer or disposition, whether voluntary, involuntary, by operation of law or otherwise. If for any reason the Eligible Employee's Shares are attempted to be transferred or transferred by the Employee to any person in violation of the provisions of this Scheme, such a transfer shall be null and void and neither the Company nor any transfer agent shall give any effect in the Company's statutory registers to such attempted transfer. The Trust is hereby authorised by the Members to impose stop transfer instructions with respect to the Shares to ensure that all transfers of Shares comply with this Scheme.
- 15.3. If for any reason the Eligible Employee's Shares are attempted to be transferred or transferred by the Eligible Employee to any person in violation of the provisions of this Scheme, the purported transfer shall have no effect and the Company shall not be bound to register such transfer. During the Retention Period, the Trustees, acting on behalf of the Trust, shall have the right to purchase all, or any portion, of the Eligible Employee's Shares so intended to be transferred (having regard to any recommendations made to the Trustee by the NRC) at the lower of Fair Market Value price as contemplated under this Scheme or the Exercise Price for such shares.
- 15.4. The sale price of such Shares shall be paid by the Trust to the Eligible Employee by cheque or wire transfer within 15 Business Days from the transfer of the Shares to the Trustees.
- 15.5. Upon the shares of the Company being listed, the Eligible Employee shall have the right to sell the Shares to any person, subject to the provisions relating to lock-in during the Retention Period specified herein.
- 15.6. Notwithstanding anything contained in this Scheme, until the Shares of the Company are listed, the Eligible Employee shall be obligated to sell the Eligible Employee's Shares to the Trustees, acting on behalf of the Trust, on such terms and conditions as may be determined by the NRC and / or the Trustees, at their sole discretion including the purchase price, the number of tranches in which such Shares may be purchased by the Trustees from the Eligible Employees and the number of such Shares that may be purchased in each tranche by the Trustees and the specified time period / window within which such Shares may be purchased by the Trustees. The decision of the NRC and / or the Trustees in this regard shall be final and binding on the concerned Eligible Employee.

### 15.7. Retention of Shares

- 15.7.1. The Shares allotted/transferred to and vested in the Eligible Employee pursuant to this Scheme may be deposited by the Trustees on behalf of the Eligible Employee with the Custodian/Depository Participant and the same may be retained by the Custodian during the entire Retention Period.
- 15.7.2. Any Eligible Employee who has exercised the Option under and pursuant to this Scheme may be required by the NRC to keep his Shares along with duly signed delivery instructions slips issued by the Depository Participant with the Custodian/Depository Participant during the Retention Period.
- 15.7.3. Accordingly,
- (a) each of the Eligible Employees, shall issue a letter to the relevant Custodian/Depository Participant requiring the Custodian/Depository Participant to transfer Shares only to Trustees or any other person as may be notified by the NRC or the Trustees and not to effect any other sale/transfer/pledge at the behest of the Eligible Employee during the Retention Period; or
  - (b) at the option of the Trustees and in consideration of the Trust issuing the Shares to the Eligible Employee, the Eligible Employee shall on and with effect from and during the currency of the Retention Period, provide to the Trustees, an irrevocable Power of Attorney unconditionally authorizing the Trustees of the Trust, to exercise all the rights as the Member of the Company in the best interest of the Company and not being detrimental to the interest of the Employees, as if the Trustees and/or the Custodian are the Members (and not the Eligible Employee) including without limitation the right to sign the share transfer forms/delivery instructions slips on behalf of the Eligible Employee, members to give effect only to transfer of shares to Trustees or any other person as may be notified by the NRC or the Trustees and not to effect any other sale/transfer/pledge at the behest of the Eligible Employee or otherwise.

### 16. Payment by Eligible Employees

- 16.1. The Exercise Price for Shares to be acquired upon the Exercise of Option by an Eligible Employee shall be paid fully by cheque or bank draft payable at Mumbai at the time of delivery of an Exercise Application. The cheque or bank draft shall be drawn in favour of the Trust duly crossed.
- 16.2. Each Eligible Employee shall pay the stamp duty (if any), other cost, charges and expenses related to transfer of Shares from the Trust to the Eligible Employee in question. Each Eligible Employee shall also pay to the Trust any amount of any fringe benefit or perquisite tax that may be levied on the Company or the Trust/Trustees as a consequence of the Option granted to such Eligible Employee or the Shares transferred to such Eligible Employee upon an Exercise of Right.

### 17. Event of death/permanent incapacity of the Eligible Employee who has been Granted Options

- 17.1. Notwithstanding anything contained herein, in case of the death or permanent incapacity of any Eligible Employee whilst in the service/employment or directorship of the Company, the SubCo or the Hold Co (as the case may be), the Options granted to/vested in but not Exercised and Shares granted to/vested in but not exercised by that Eligible Employee shall vest (i) in case of death, in the person(s) nominated by such Eligible Employee or if nobody is so nominated, in his legal heir or successor; and (ii) in case of permanent incapacity in the Eligible Employee himself.
- 17.2. In case of the death of any Eligible Employee whilst in the service/employment or directorship of the Company, the SubCo or the Hold Co (as the case may be), the vested Options shall be Exercisable by the person(s) nominated by such Eligible Employee and such Exercise shall be effected within the time stipulated in the Letter of Offer. The mode of nomination would be intimated by the Company. Such nominee shall also be bound by the provisions of this Scheme.
- 17.3. In case of the death of any Eligible Employee who has not nominated any person(s), the Options granted but not vested will vest in and shall be exercisable by the legal heir(s) / successor(s) of the deceased Eligible Employee within such time as may be stipulated in the Letter of Offer; Provided however that the



legal heir(s) / successor(s) shall be required to produce to the Company all such documents / indemnities as may be required by the Company to prove the succession of the estate of the deceased Eligible Employee. In case the proof of succession is not produced to the Company within two years from the date of death of the Eligible Employee or such further time as the NRC may permit in its absolute discretion, the Options shall be treated as lapsed and shall be available for grant by the NRC to any Eligible Employee(s) or other Employee(s) as it may deem fit in its sole and absolute discretion.

- 17.4. In case of permanent incapacity of the Eligible Employee whilst in the service/employment or directorship of the Company, the SubCo or the Hold Co (as the case may be), all Options granted to him as on the date of permanent incapacitation, shall Vest in him on the day of the permanent incapacitation.

## **18. Event of termination of service of the Eligible Employee**

### **18.1. Due to resignation or transfer of the Employee**

- 18.1.1. In case of resignation of an Eligible Employee from the employment or directorship of the Company, the SubCo or the Hold Co (as the case may be), otherwise than upon retirement or transfer to another Tata company or Tata enterprise, (i) the Options vested in such Eligible Employee, but not exercised shall expire forthwith on the acceptance of the resignation; (ii) the Shares acquired by an Eligible Employee under the Scheme shall be sold and transferred to the Trustees, acting on behalf of the Trust, at a price as may be determined by the NRC, not exceeding the Fair Market Value as per the latest valuation prior to such date of resignation.

- 18.1.2. In the event of transfer of an Eligible Employee to another Tata company, Tata enterprise or any other company which is approved by the Board, the NRC may, at its discretion, determine any terms and conditions on which unexercised Options continue to be Vested in such Eligible Employee as well as any requirement to sell any Shares to the Trustees acting on behalf of the Trust.

### **18.2. Due to the dismissal or discharge of the Eligible Employee**

- 18.2.1. In case of termination of the services or directorship of the Eligible Employee (as the case may be) due to dismissal or discharge for reasons including violation of any code of conduct implemented by the company employing the Eligible Employee in question, all Options vested in such Eligible Employee shall, at the discretion of the NRC, immediately expire upon the Eligible Employee being so dismissed or discharged.

- 18.2.2. In case the NRC, at any time during the currency of this Scheme, perceives that any Eligible Employee is liable for misconduct or violation of any policies or any code of conduct or terms and conditions of employment or directorship of such Eligible Employee, the NRC will have the authority (on recommendation to that effect by the management of the company in which such Eligible Employee shall be either a director (of whatever sort) or a permanent employee) to allow the lapse of the Options vested in such Eligible Employee but not exercised. The decision of the NRC as aforesaid would be final and binding on the concerned Eligible Employee, for the purpose of this Scheme. However, if such Eligible Employee was not found guilty of such misconduct or violation, all the Options shall be re-issued to such Eligible Employee and all the benefits shall accrue to the Eligible Employee as if the Options had been granted from the original Date of Grant.

- 18.2.3. In the event of termination or vacation of the services/directorship of the Eligible Employee due to dismissal or discharge for reasons including violation of the Company code of conduct, the NRC shall be entitled to require the Eligible Employee to sell to the Trust all the Shares purchased by him from the Trust at the lower of the Fair Market Value as determined by the last Valuation Report prior to the date of such termination / vacation or at the price at which he/she had purchased the Shares from the Trust in question. The decision of the NRC as aforesaid would be final and binding on the concerned Eligible Employee, for the purpose of this Scheme.

- 18.2.4. **Suspended Employees and Employees under enquiry:** The Options not vested and the Options vested but not Exercised in case of an Eligible Employee who has been suspended from the services/directorship of the Company, the SubCo or the HoldCo (as the case may be) or to whom a show cause notice has been issued or against whom an enquiry is being or has been initiated for any reason whatsoever including but not limited to misconduct, violation of policies or codes of conduct or for having committed or abetted any illegal or unlawful activity may, on the recommendation of the management of the company where Eligible Employee is a director (of whatever sort) or a permanent employee (as the case may be), be suspended or kept in abeyance or cancelled at the sole discretion of the NRC. In case of Options that have been suspended or kept in abeyance, the same may Vest in the concerned Eligible Employee on such additional terms and conditions, as may be imposed by the NRC at its absolute discretion.
- 18.2.5. Further, in certain extraordinary circumstances where any Eligible Employee has committed any act or omission which in the sole discretion and opinion of the NRC amounts to an act of moral turpitude and/or has resulted into loss of confidence, the management of the company where such Eligible Employee shall be a director (of whatever sort) or shall be a permanent employee as the case may be, will be entitled to recommend the cancellation of the Options vested and the Options vested but not exercised with respect to such Eligible Employee to the NRC who shall be entitled to thereupon cancel such Options. It is further clarified for the purpose of this Clause that the right of recommendation and deciding whether such an act or omission has occurred and whether any cancellation is to be given effect to, will be at the sole discretion of the NRC (on recommendation of the management) without necessitating and/or undertaking any enquiry or investigation with respect to such matter.
- 18.3. **Due to retirement of the Employee**
- 18.3.1. All Options whether unvested (the vesting of which is only and wholly conditional upon efflux of time, and not on the achievement of business or functional results) or vested but not Exercised by the Eligible Employee as on the date of his/her retirement in the normal course, can be exercised by the Eligible Employee, within the Exercise Period specified under Clause 11 above, unless the NRC decides otherwise.
- 18.3.2. Upon retirement of the Eligible Employee in the normal course, the Eligible Employee shall be allowed to keep all or any Shares with him/her subsequent to such retirement or be allowed to sell the same to the Employee Trust at the then prevailing Fair Market Value.
- 18.3.3. For the purpose of this Clause, retirement in normal course would mean attaining such age as may be specified for retirement by the Company, SubCo or HoldCo (as the case may be) for a Director or an Employee (as may be applicable) or on expiry of any extension of service allowed by the Company, SubCo or HoldCo (as the case may be) thereafter, pursuant to any Regulations or Guidelines adopted by the Company, SubCo or HoldCo (as the case may be) for a Director or an Employee (as may be applicable).
- 18.3.4. In case of termination of the services of the Eligible Employee due to his/her retirement pursuant to a scheme of voluntary retirement as may be formulated by the Company, SubCo or HoldCo (as the case may be) the terms relating to Right of Exercise shall be separately framed by the NRC, as and when required.

## 19. **Non-transferability of Shares**

The Shares which are transferred to an Eligible Employee on the Exercise of Option by such Eligible Employee pursuant to this Scheme, shall not be allowed to be transferred to any person save and except as is contemplated under this Scheme.

## 20. **Lock-in period**

The Shares transferred to an Eligible Employee on Exercise of Option pursuant to this Scheme, shall be locked in during the Retention Period save and except for any transfer permitted in accordance with this Scheme.

**21. Accounting policies**

The Company shall comply with the accounting policies and guidelines as may be applicable from time to time.

**22. Other conditions**

22.1. Upon listing of the shares on a Stock Exchange, any options to be granted after the shares are listed on a Stock Exchange, shall be governed by the SEBI ESOP Guidelines. Upon such listing, the NRC shall have the right to amend any and all terms governing and applicable to shares and / or options already granted under the Scheme, if required, under the SEBI ESOP Guidelines.

22.2. The Trust will not be obliged to sell/transfer any Shares upon the Exercise of Option by an Eligible Employee or otherwise unless the sale and transfer of such Shares complies, in the judgement of the Trustees, with the Scheme and all relevant provisions of applicable laws including, but not limited to, any applicable securities laws and the requirement of any Stock Exchanges on which the Shares are listed (and traded).

22.3. In the event of the Company issuing any Shares or other benefits (other than the dividends declared and/or paid) to the existing members at any time after the date of the Offer to the Eligible Employees or in case of other corporate actions like rights issues, bonus issues, or the like, the NRC, at its sole discretion, will have the right to adjust the number of Options and/or alter the Exercise Price in respect of Options which are not Exercised to ensure that similar benefits accrue to the Eligible Employees to whom the Options are granted.

For example, in case of bonus issue, whereby bonus shares have been issued in the ratio of 1:1 to the members holding Shares, if the Options have been granted but have not vested prior to such bonus issue, such Eligible Employees shall be entitled to be transferred upon Exercise by the Trustees, one (1) additional share that shall have accrued, for each Share, had such Eligible Employee Exercised the Options granted. However, if the Options have Vested but have not been Exercised by the Eligible Employee prior to such bonus issue, such Eligible Employee shall be entitled to purchase Shares at half (1/2) of the Fair Market Value of the Shares as on the Date of Grant upon Exercise of the Options granted.

**22.4. Tax Liability:**

22.4.1. The liability of paying tax including perquisite tax, if any, on the Options granted pursuant to this Scheme and the Shares transferred pursuant to Exercise of Options shall be entirely on the Eligible Employees who shall have received such Options and the Shares in question and shall be in accordance with the provisions of the Income-Tax Act, 1961 and the rules framed thereunder or any other taxing statute. In the event of any amendments or modifications to the provisions of the Income-tax Act, 1961 (including any re-enactment thereof) and/or the rules framed thereunder, as existing on the date of this Scheme, the NRC shall have the power to amend or modify this Scheme, without consent of the Eligible Employees or the Members, as the case may be, in order to ensure that the Company or the Trust is in the same position as it would have been had the amendments or modifications to the Income Tax Act, 1961 and/or the rules framed thereunder not been made.

22.5. In the event of any tax liability arising on account of the issue or allotment or transfer of the Shares to an Eligible Employee, the liability shall be that of the Eligible Employee alone. Accordingly, if any tax is payable by the Company or the Trust, the same shall be paid by the Eligible Employee to the Company or the Trust. Any amounts received towards such tax payment by the Trust or the Company as the case may be shall be immediately passed on to the entity required to make the tax payment in question.

22.5.1. All tax liabilities arising on the sale of the Shares by the Employee would require to be handled by the Employee alone.

22.5.2. In the event of any tax liability arising on account of this Scheme, the Company shall have the right to deduct/recover the same from the Employee in any manner as the Company may deem fit.

**23. Lapsed Shares**

In case any options issued to Eligible Employees are not exercised by the respective Eligible Employees during the Exercise Period, then such options shall (unless otherwise determined by the Trustee(s) in consultation with the NRC) irrevocably lapse and the same may be granted afresh by the NRC to such Eligible Employee(s) or other Employees, either under this Scheme or otherwise, as the NRC may deem fit in its sole and absolute discretion.

Further, Shares if any, in respect of which options have lapsed under this Scheme, shall be available for grant, to the Eligible Employees or other Employees, either under this Scheme or otherwise, at the sole and absolute discretion of the Trustees in consultation with the NRC. The terms, *inter alia*, relating to Exercise Price, Exercise Period, and Retention Period in respect of such lapsed Shares to be granted, as aforesaid, will be determined by the NRC at the time of grant as it may deem fit at its absolute discretion.

**24. Rights prior to issuance of Shares**

- 24.1. Neither the Eligible Employee nor any person claiming under or through the Eligible Employee will have any of the rights or privileges of a Member of the Company (including the right to receive any dividends or to vote at any meeting of the Company) in respect of any Shares to be issued upon Exercise of the Options unless and until certificates representing such Shares have been issued and delivered or, if the Shares may be held in dematerialised form, unless appropriate entries evidencing such transfer is made in the register of Members of the Company/Statement of Beneficial Position maintained by the Depositories. No adjustment shall be made for dividends or other rights with respect to such Shares for which the record date is prior to the date the certificate is issued or the Shares electronically transferred.

**25. Ranking of shares**

The Shares issued to an Eligible Employee under this Scheme would rank *pari-passu* with the existing Shares of the Company save and except that such Shares shall carry the right to receive either the full dividend or a *pro rata* dividend (if any) from the date of allotment/transfer, as may be determined by the Board, declared for the financial year in which the new Shares are allotted/transferred.

**26. Compliance with Regulatory Provisions**

- 26.1. This Scheme shall be subject to all applicable laws, rules, regulations, notifications and to such approvals by Members and any governmental agencies as may be required in law. The grant of the Shares under this Scheme shall entitle the Company to require the Employees to comply with such requirements of law in force from time to time.
- 26.2. Anything to the contrary herein notwithstanding, the Company's obligation to sell and deliver Shares under this Scheme is subject to such compliance with laws, rules and regulations applying to the authorisation, issuance or sales of securities, as the Company deems necessary or advisable.

**27. Effective date and duration**

- 27.1. This Scheme came into force on March 2, 2010, being the date on which this Scheme was approved by the Members at the EGM.
- 27.2. The Scheme shall remain in effect until (i) all the shares transferred to the Trust under the Scheme have been acquired by the Eligible Employees; or (ii) on expiry of period of 10 (ten) years from the effective date of this Scheme; or (iii) the Members passing a resolution for the termination of the Scheme, whichever is earlier.
- 27.3. In the event the Company is desirous of terminating the Scheme and the Members pass appropriate resolution to that effect, all Options granted to the Eligible Employees but not vested shall automatically vest on the Eligible Employees and the Eligible Employee shall have 6 (six) months to Exercise such Options.

**28. Confidentiality**

- 28.1. This Scheme is private and confidential and is meant exclusively for the Employees only. Any Employee holding any Shares under this Scheme shall not divulge details of this Scheme to any other person without the prior written permission of the Trustees / NRC.
- 28.2. Each Employee purchasing any Shares under this Scheme shall enter into such agreements, as the Company may desire from time to time or perform such further acts and execute such further documents as may be necessary to carry out and give full effect to the provisions of this Scheme and the intentions of the parties.
- 28.3. The Board shall, *inter alia*, disclose in the Directors' Report, such disclosures as may be required under the Companies Act, 2013 read with the Rules framed thereunder, as may be amended from time to time, and under, any other applicable law and include such other details as the Directors may deem fit to disclose.

The Employees shall not have any right to object to such disclosure by the Company.

- 28.4. In case of non-adherence to the provisions of this Clause, the NRC will have the authority to deal with such cases as it may deem fit at its absolute discretion.

**29. Restructuring of the Company**

Upon the occurrence of any Restructuring, the NRC in consultation with the Board shall be entitled to issue instructions to all Eligible Employees with respect to the holding of unexercised Options (whether such Options are Vested or not) by such Eligible Employees or Shares received pursuant to any exercise of any Options and such instructions shall be binding on all Eligible Employees.

**30. No Right to an Award**

Neither the adoption of this Scheme nor any action of the NRC or the Trust shall be deemed to give an Employee any right to be granted Options to acquire Shares or to any other rights except as may be evidenced by the Letter of Offer.

**31. No Rights Conferred**

- 31.1. Nothing contained in this Scheme shall:

- (i) confer upon any Employee any right with respect to continuation of employment or engagement with the Company;
- (ii) interfere in any way with the right of the Company to terminate employment or services of any Employee at any time; or
- (iii) shall be construed as affording an individual any additional rights as to remuneration or damages in consequence of the termination of the office or employment in the Company for any reason.

- 31.2. This Scheme shall be at the discretion of the Trustees in consultation with the NRC and shall not confer on any person any legal or equitable rights against the Company either directly or indirectly or give rise to any cause of action in law or equity against the Company.

- 31.3. This Scheme and the offer made herein are personal to the Employees and shall not be capable of assignment.

**32. Risks associated with the Scheme**

Participation in this Scheme shall not be construed as guarantee or assurance of any return on the equity investment in the Shares. Any loss due to the fluctuation in the market price or Fair Market Value of the Shares and the risks attached with the investment are that of the Eligible Employee alone and neither the Company nor the Trust, the NRC (or its members) or the Trustees shall be responsible for the same.

**33. No Restriction on Corporate Action**

The existence of this Scheme and the grants made hereunder shall not in any way affect the right or the power of the Board or the Members of the Company to make or authorise any change in capital structure; including any issue of shares, debt or other securities having any priority or preference with respect to the Shares or the rights thereof or from taking any corporate action which is deemed to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Scheme or any grant made under this Scheme. No Employee or other person shall have any claim against the Company as a result of such action or a right to object to the Scheme.

**34. New Schemes**

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

**35. Severability**

In the event that any term, condition or provision of this Scheme is held to be a violation of or contrary to, any applicable laws, statute or regulation, the same shall be severable from the rest of this Scheme and shall be of no force and effect and this Scheme shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Scheme.

**36. Amendment**

This Scheme may be changed after the date it comes into effect. However, no change to the Scheme shall be detrimental to the interests of the Employees. The Company may by a special resolution in a general meeting vary the terms of the Scheme provided such variation is not prejudicial to the interest of the Employees. Notwithstanding the forgoing, the NRC shall be entitled to exercise the powers granted to it under the provisions of Clause 5 above. The Board shall also be entitled to exercise the powers granted to it under the provisions of Clause 8.1 above.

In the event the Shares of the Company are listed on a recognized Stock Exchange, this Scheme shall be amended to bring the same in compliance with the SEBI ESOP Guidelines and accordingly, any Options Granted but which have not been Exercised or which are to be Granted after the listing of the Shares on a Stock Exchange, shall be governed by the SEBI ESOP Guidelines.

**37. Approval of Scheme**

This Scheme was initially approved by the Board at its Meeting held on February 1, 2010 and approved by the Members at the EGM on March 2, 2010. This Scheme has been and can be amended by the Board, Trustees, NRC and the Members, from time to time, subject to compliance with applicable laws.

**38. Arbitration**

All disputes arising out of or in connection with this Scheme shall be exclusively and irrevocably referred to for arbitration to a single arbitrator to be appointed by the Company. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Mumbai, India. The Parties agree to have their dispute resolved by fast track procedure specified in Section 29B of the Arbitration and Conciliation Act, 1996.

**39. Governing Laws and Jurisdiction**

The terms and conditions of this Scheme shall be governed by and construed in accordance with the laws of India and subject to the provisions of Clause 38 above, to the exclusive jurisdiction of Courts in Mumbai, India.

## ANNEXURE I

## Format of Letter of Offer

ON THE LETTERHEAD OF THE TRUSTSTRICTLY PRIVATE & CONFIDENTIAL

[Date]

Reference No. [●] / Employee No. [●]

Dear Mr./Mrs./Ms. [●],

**Sub: Letter of Offer**

Terms used herein but not defined shall have the meaning contained in the Tata Capital Limited - Employee Stock Purchase / Option Scheme.

The Members of Tata Capital Limited (“**Company**”) had approved the “Tata Capital Limited Employee Stock Purchase/Option Scheme” (“**Scheme**”) and authorized the Nomination and Remuneration Committee to issue [●] stock options in respect of [●] Equity Shares of Rs. 10/- each which are held by the TCL Employee Welfare Trust (“**Trust**”) to Eligible Employees and Directors of the Company, its SubCo (as defined under the Scheme) and the HoldCo (as defined under the Scheme) in accordance with the provisions of the Scheme.

A copy of the Scheme is uploaded on the intranet of the Company.

In terms of the abovementioned Members’ approval and the Scheme, the Exercise Price per Equity Share of the Company (“**Share**”) would be the Fair Market Value (as defined in the Scheme) of the Share. In accordance with the provisions of this Scheme, the amount of Tax, in the nature of perquisite tax or any similar tax, if any, payable by the Company or the Trust in respect of Options/Shares granted pursuant to this Scheme, shall be paid by the Option/Shares holder to the entity required to make payment of the applicable amount in tax at the time of exercise of Offer/Options. The number of stock options granted to each employee has been determined in accordance with the criteria approved by the Nomination and Remuneration Committee.

I am pleased to inform you that you have been granted [●] stock options representing [●] Shares with an exercise price of Rs. [●]/- Share as on *[insert Date of Grant]*.

The Options/Shares granted to you will be subject to the terms and conditions stipulated in the Scheme.

*[Details of proposal to be mentioned]*

I am confident that this will inspire all of us to take our Company to greater heights of success and glory in the future. It may please be noted that participation in this Scheme shall not be construed as a guarantee or assurance of any return on the equity investment in the Shares. Any loss due to the fluctuation in the Fair Market Value or market price of the Shares and the risks attached with the investment are yours alone and neither the Company nor the Trust, the Nomination and Remuneration Committee (or its members) or the Trustees shall be responsible for the same.

Regards,

**ANNEXURE II**

**Format of letter of acceptance**

**STRICTLY PRIVATE & CONFIDENTIAL**

[Date]

To:

The Trustees

TCL Employee Welfare Trust

**Sub: Letter of Acceptance**

Dear Sirs,

Terms used herein but not defined shall have the meaning contained in the Tata Capital Limited - Employee Stock Purchase / Option Scheme.

I refer to the Letter of Offer dated [●] issued by the Trust to myself under which I was informed that I had been granted [●] Options.

I am delighted to inform you, that I accept the Offer contained in the Letter of Offer. I confirm that I have read and understood the terms and conditions of the Scheme and that I agree to abide by the same. I further agree that the Date of Acceptance for the purpose of the Options granted to me pursuant to the Letter of Offer shall be the date of receipt of this letter by you. I also understand and agree that the Fair Market Value applicable when I Exercise the Options shall be Rs.[●]/- per Share.

I confirm that I have read and understood the Scheme and shall abide by all conditions set out therein.

I hereby agree that any decision(s) or direction(s) issued by the Nomination and Remuneration Committee of Tata Capital Limited with regard to any aspect of the Scheme shall be final and binding on me and I hereby undertake to act in strict consonance with any such decision(s) or direction(s), as the case may be.

Yours faithfully,

CC: Nomination and Remuneration Committee



## ANNEXURE III

## Format of Exercise Application

**STRICTLY PRIVATE & CONFIDENTIAL**

[Date]

To:

The Trustees,  
TCL Employee Welfare Trust

Dear Sirs,

Sub: Exercise Application.

Terms used herein but not defined shall have the meaning contained in the Tata Capital Limited - Employee Stock Purchase / Option Scheme.

I refer to the Letter of Offer dated <Month DD, YYYY> issued by the Trust to myself under which I was informed that I had been granted \_\_\_\_\_ Options/Shares. I also refer to the Letter of Acceptance dated \_\_\_\_\_ addressed by me to you. Copies of the abovementioned letters are enclosed for your ready reference.

I am delighted to inform you, the Trust, that I am duly exercising [●] Options representing [●] Shares which have vested in me pursuant to the provisions of the Scheme. The Fair Market Value that I am required to pay for the [●] Shares I am to receive pursuant to the exercise of Options is an aggregate of Rs. [●]/- (Rs. [●]/- per Share) as mentioned in my Letter of Offer. In this regard, please find enclosed, demand draft/cheque no. [●] for Rs. [●]/- drawn on [●] in favour of the Trust / The amount of Rs \_\_\_\_\_ is by cheque arranged by way of loan from [●] Limited.

As may be required by the Trustees, I also hereby agree to:

- (a) execute either a letter to the relevant Custodian/Depository Participant requiring the Custodian/Depository Participant to transfer shares only to the Trustees or any other person as may be notified by the Nomination and Remuneration Committee of Tata Capital Limited or the Trustees and not to effect any other sale/transfer/pledge at my behest during the Retention Period; or
- (b) at the option of the Trustees and in consideration of the Trust issuing the Shares to me, I shall on and with effect from and during the currency of the Retention Period, provide to the Trustees, an irrevocable Power of Attorney unconditionally authorizing the Trustees of the Trust, to exercise all the rights as the Members of the Company in the best interest of the Company and not being detrimental to the interest of the Employees, as if the Trustees and/or the Custodian are the members (and not me) including without limitation the right to sign the share transfer forms/delivery instructions slips on my behalf to give effect only to transfer of shares to Trustees or any other person as may be notified by the Nomination and Remuneration Committee of Tata Capital Limited or the Trustees and not to effect any other sale/transfer/pledge at my behest or otherwise.

In addition to the above, I confirm that I have read and understood all terms and conditions of the Scheme and shall abide by all conditions set out therein at all times.

Yours faithfully,





## TATA CAPITAL LIMITED

Registered Office: One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400001

### Form No. MGT - 11 Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014)

CIN: U65990MH1991PLC060670

Name of the Company: TATA CAPITAL LIMITED

Registered Office: One Forbes, Dr. V.B. Gandhi Marg, Fort, Mumbai 400 001, India.

Name of the Member (s) :

Registered Address:

E-mail Id:

Folio No / Client Id:

DP ID:

I / We, being the member(s) of \_\_\_\_\_ shares of the above mentioned company, hereby appoint

1. Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her

2. Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him/her

3. Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Extraordinary General Meeting of the Company to be held on Thursday, March 31, 2016 at 10:00 a.m. at One Forbes, Dr. V.B. Gandhi Marg, Fort, Mumbai – 400001 and at any adjournment thereof in respect of such resolutions set out in the Notice convening the meeting, as are indicated below:

Resolution Nos.:

1. Amendment of the Tata Capital Limited Employee Stock Purchase/Option Scheme

2. Private Placement of Non Convertible Debentures

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2016

Signature of Shareholder

Signature of Proxy Holder (s)

Affix  
Revenue  
Stamp

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.**





**TATA CAPITAL LIMITED**

Registered Office: One Forbes, Dr. V B Gandhi Marg, Fort, Mumbai – 400001

**ATTENDANCE SLIP**

CIN: U65990MH1991PLC060670

Name of the Company: TATA CAPITAL LIMITED

Registered Office: One Forbes, Dr. V.B. Gandhi Marg, Fort, Mumbai 400 001, India.

Members attending the Meeting in person or by Proxy are requested to complete the Attendance slip and hand it over at the entrance of the meeting room.

I hereby record my presence at the Extraordinary General Meeting of the Company at One Forbes, Dr. V.B. Gandhi Marg, Fort, Mumbai – 400001 on Thursday, March 31, 2016 at 10:00 a.m.

.....  
Full name of the Member (in block letters) Signature

Folio No.: ..... DP ID No. :\* ..... Client ID No. :\* .....

\*Applicable for member holding shares in electronic form

.....  
Full name of the proxy (in block letters) Signature



Tata Capital Limited  
One Forbes  
Dr. V. B. Gandhi Marg  
Fort, Mumbai - 400001  
Maharashtra, India

## Route map to the venue of the EGM



