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TATA CAPITAL LIMITED

Employee Stock 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 Option Scheme ("**Employee Stock 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 way of grant of Options to the Eligible Employees 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 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. "**Company**" shall mean Tata Capital Limited.
- 3.3. "**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 format as annexed hereto as **Annexure II** or such other format as may be prescribed from time to time.
- 3.4. "**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 Exercise of Options granted in the manner as contemplated under this Scheme. Post Listing of the equity shares of the Company, the Date of Grant shall be the date on which the Nomination and Remuneration Committee approved the grant. For accounting purposes, the Date of Grant will be determined in accordance with applicable accounting standards.
- 3.5. "**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 or such other period of time as prescribed

under the Companies Act, 2013 or any applicable statutory or regulatory rules and/or regulations.

- 3.6. **"Director"** means a member of the Board of the Company.
- 3.7. **"EGM"** shall have the same meaning as defined in Clause 5.1 of this Scheme.
- 3.8. **"Eligible Employee"** shall mean an Employee who is selected by the Nomination and Remuneration Committee and /or the Board based on the recommendations of the Nomination and Remuneration Committee, as the case may be, 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'; and (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. 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.
- 3.9. **"Employee"** shall mean:
- (a) a 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 including a non-executive Director who is not a Promoter or member of the Promoter Group, but excluding an Independent Director; or
 - (c) an employee as defined in sub-clauses (a) or (b) above 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.
- 3.10. **"Employee Trust"** or **"Trust"** shall mean a trust constituted under the provisions of the Indian Trusts Act, 1882 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', in accordance with SEBI ESOP Guidelines.
- 3.11. **"Employee Stock Option Scheme"** or **"Scheme"** shall mean this Scheme.
- 3.12. **"Exercise of Right"** or **"Exercise of Option"** shall mean the making of an Exercise Application by an Eligible Employee to the Trustees for the Exercise of Option(s) vested in him in pursuance of this Scheme.
- 3.13. **"Exercise Price"** shall mean the price payable by the Eligible Employee for the exercise of Options(s) in pursuance of this Scheme which price may be specified in the Letter of Offer. Provided that post Listing, the Exercise Price shall be in compliance with the accounting standards as specified under the SEBI SBEB & SE Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.
- 3.14. **"Exercise Period"** shall mean the period within which the Option(s) vested in any Eligible Employee have to be exercised and which period may be specified in the Letter of Offer.
- 3.15. **"Exercise Application"** shall mean the prescribed application form substantially in the format as set out in **Annexure III** or such other format as may be prescribed from time to time, 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/online payment confirmation 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 Exercise of Option(s) 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 by the Eligible Employee as well as such other documents as may be prescribed pursuant to the provisions of this Scheme, for transfer from the Trust to the Eligible Employees of the Shares vested in him.

- 3.16. **"Fair Market Value"** or **"FMV"** prior to Listing, means an amount established by the Nomination and Remuneration Committee which may be determined half – yearly or at such other frequency as the Nomination and Remuneration Committee may decide, based upon information provided by a registered valuer who will conduct financial valuation of the Company and recommend a FMV price in accordance with prevalent market practice to value similar schemes and post Listing, Fair Market Value shall mean the Market Price.
- 3.17. **"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).
- 3.18. **"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.
- 3.19. **"Independent Director"** means an independent director as defined under Section 2(47) of the Companies Act, 2013, SEBI LODR Regulations and other applicable laws and regulations, and as may be amended or substituted, from time to time.
- 3.20. **"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.
- 3.21. **"Letter of Offer"** shall mean the letter issued by the Company substantially in the format as set out in **Annexure I** or such other format as may be prescribed from time to time, intimating the Eligible Employee of the Options granted to him for acquiring a specified number of Shares at the Exercise Price in the manner as contemplated under this Scheme.
- 3.22. **"Listing"** means listing of the Company's Shares on any recognized Stock Exchange in India which includes listing of Shares pursuant to initial public offering of Shares as per applicable laws.
- 3.23. **"Market Price"** means the latest available closing price on a recognized Stock Exchange on which the Shares of the Company are listed on the date immediately prior to the Date of Grant. If such Shares are listed on more than one recognised Stock Exchange, then the closing price on the recognised Stock Exchange having higher trading volume shall be considered as the market price.
- 3.24. **"Members"** means the shareholders of the Company.
- 3.25. **"Nomination and Remuneration Committee"** or **"NRC"** means the committee of the Board constituted as per Companies Act, 2013, SEBI LODR Regulations and other applicable laws and regulations, *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...
- 3.26. **"Offer"** shall mean the offer, in writing, by the Trust to an Eligible Employee conferring an Option on such Eligible Employee to exercise such number of Options as may be specified in such offer, from the Trust in the manner as contemplated under this Scheme.
- 3.27. **"Option(s)"** shall mean a right (but not an obligation) granted to an Eligible Employee pursuant to the Offer to exercise specified number of Options of the Company, in the manner as contemplated under this

Scheme.

- 3.28. **"Permanent Incapacity"** or **"Permanent Incapacitation "** means any disability of whatsoever nature, be it physical, mental, or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work, or task which the said Employee was capable of performing immediately before such disablement, as determined by the NRC based on a certificate of a medical expert identified by the NRC.
- 3.29. **"Promoter"** shall have the same meaning assigned to it under the Companies Act, 2013 and / or the SEBI ICDR Regulations, as applicable, as may be amended or re-enacted from time to time.
- 3.30. **"Promoter Group"** shall have the same meaning assigned to it under the SEBI ICDR Regulations, as may be amended or re-enacted from time to time.
- 3.31. **"Restructuring"** shall have the same meaning as defined in Clause 5.1(l);
- 3.32. **"SEBI"** means the Securities and Exchange Board of India.
- 3.33. **"SEBI ICDR Regulations"** means the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018, as amended from time to time.
- 3.34. **"SEBI LODR Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.
- 3.35. **"SEBI SBEB & SE Regulations"** shall mean the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended from time to time.
- 3.36. **"SEBI ESOP Guidelines"** shall mean SEBI SBEB & SE Regulations along with SEBI LODR Regulations and SEBI ICDR Regulations (as and when applicable), as amended, modified, substituted or supplemented from time to time and/or such other rules, regulations or guidelines that may be issued/notified by the Securities and Exchange Board of India from time to time, including and enactment or re-enactment hereof and governing or regulating the issuance, grant or exercise of employee stock options and or shares to employees by companies whose shares are listed or to be listed on any Stock Exchange.
- 3.37. **"Secondary Acquisition"** means acquisition of existing Shares by the Trust, on a delivery basis, on Stock Exchange for cash consideration.
- 3.38. **"Settlor"** shall mean Mr. Shailesh H Rajadhyaksha.
- 3.39. **"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.
- 3.40. **"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.
- 3.41. **"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.
- 3.42. **"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.
- 3.43. **"Unexercised Option"** shall mean any Option which has vested in an Eligible Employee under this Scheme and is not exercised by him within the Exercise Period.
- 3.44. **"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 terms prescribed by the Trustees shall be final and binding on all the Eligible Employees.
- 4.4. 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.
- 4.5. Post Listing, the Trustees shall not vote in respect of the Shares held by such Trust.
- 4.6. The Trust may, subject to applicable laws including SEBI ESOP Guidelines, acquire Shares through Secondary Acquisition for the purposes of implementing this Scheme subject to limits specified and the other provisions as contained in the SEBI SBEB & SE Regulations.

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 / quantum of Options to be granted per Eligible Employee and in aggregate;
- 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 terms and conditions subject to which the Options Vesting would be exercisable by the Eligible Employee;
- g) the number of Options to be apportioned/allocated for various grades of Eligible Employees;
- h) assignment of weightage to length of service, grade and performance rating of the Eligible Employee;
- i) the conditions under which Options may vest in Eligible Employees and may lapse;
- j) the Exercise Period within which the Eligible Employee can exercise the Options and that Options would lapse on failure to exercise the same within the Exercise Period;
- k) the right of an Eligible Employee to exercise all the Options, as the case may be, vested in such Eligible Employee at one time or at various points of time within the Exercise Period;
- l) 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;
- m) 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**"). In this regard, the following shall, inter alia, be taken into consideration by the NRC:
 - (i) the number and price of Options shall be adjusted in a manner such that total value to the Eligible Employee of the Options remains the same after Restructuring;
 - (ii) the vesting period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Eligible Employee who is granted such Options.

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;
- n) 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;
- o) the applicability or modification of any of the abovementioned terms of this Scheme in relation to any Employee or group or class of Employees;
- p) vary/modify the Exit Options, as detailed in Annexure IV of this Scheme from time to time and any such variation/modification shall be deemed to be automatically part of this Scheme;
- q) the procedure for funding the exercise of Options, if any;
- r) terms and conditions under which Vested Options can be exercised or the Shares held by the Eligible Employees be retained; and

- s) The procedure for buy-back of Options / Shares issued under SEBI SBEB & SE Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including:
 - (i) permissible sources of financing for buy-back;
 - (ii) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and
 - (iii) limits upon quantum of Options / Shares that the Company may buy-back in a financial year.
- 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.
- 5.3. The NRC shall frame suitable policies and systems as may be necessary to ensure that there is no violation of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, by the Trust, the Company and the Employees, as applicable post Listing.
- 6. Total number of Shares in respect of which Options could be granted (Total available Options)**
- 6.1. The maximum total number of Shares of the Company that can be transferred to the Trust by the Company to be held for the benefit of the Employees under this Scheme, shall not exceed 10,60,00,000 Shares. Provided that, if any Shares are proposed to be issued/ transferred to the Trust, appropriate prior approval of the Board of the Company and the Members of the Company shall be sought at such time, as per Applicable Law.
- 7. Grant of Option and basis of determining the number of Options to be Granted**
- 7.1. 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, 10,60,00,000 Shares. The aggregate number of Options that may be granted under this Scheme shall not exceed 10,60,00,000 Options and the maximum number of Options that may be granted to an Employee shall not exceed 1,06,00,000 Options.
- 7.2. The Eligible Employees shall have the option, but no obligation to exercise Options offered to him, during the Exercise Period.
- 7.3. 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.
- 7.4. 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.

8. Non-transferability of Option

- 8.1. The Option granted to the Eligible Employee shall not be transferable.
- 8.2. The Option granted to the Eligible Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

9. Vesting of the Options Granted

- 9.1. 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 or more than five years.

Provided that in no event shall the period between the Date of Grant and Date of Vesting exceed the validity period of this Scheme.

- 9.2. In case, options are granted by the Company under its Employees Stock Option Scheme in lieu of options held by the same Employee under an Employees Stock Option Scheme in another company, which has merged, demerged or amalgamated with the Company, the period during which the options granted by the merging or amalgamating company were held by such Employee shall be adjusted against the minimum vesting period required under this clause.
- 9.3. 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 SEBI ESOP Guidelines.

10. Exercise Period, Exercise Price and Procedure

- 10.1. The Exercise Period in respect of the Vested Options shall commence from the Date of Vesting however, Exercise Period shall not exceed seven years from the date of Vesting of Options.
- 10.2. Notwithstanding the provisions of Clause 6.1 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.
- 10.3. 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.
- 10.4. The exercise of an Option by the Eligible Employee during the Exercise Period shall be communicated by delivering a duly completed Exercise Application (substantially in the format as set out in Annexure III or such other format as may be prescribed from time to time) signed by such Eligible Employee to the Trustees.
- 10.5. The Eligible Employee exercising his Option would be required under the Exercise Application to mention the number of Options that he/she is willing to exercise 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.
- 10.6. 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 exercise of the Options which shall comprise the applicable Exercise Price payable for the Options 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 upon Exercise of Options 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.

- 10.7. The Eligible Employee shall comply with all statutory and regulatory requirements then applicable to the Exercise of Right under this Scheme. Once lodged, an Exercise Application shall be irrevocable save with the consent of the NRC.
- 10.8. The Employee should also give an undertaking, if it is requested by the Company, that the Shares have been acquired by him in accordance with the provisions contained herein.
- 10.9. The Exercise Price per Share shall be the Fair Market Value of the Shares determined at the Date of Grant or such other price as may be determined by the Company in consideration with the NRC.
- 10.10. 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.
- 10.11. The right to apply and obtain delivery of the Shares will lapse if not exercised within the specified Exercise Period.

11. Fractional Shares

In the event of Exercise of Options resulting in fractional Shares, the number of fractional Shares shall be rounded up to the nearest whole number of Shares.

12. Loans for Exercise of Options

- 12.1. Loans may be extended to Eligible Employees by the Company and its HoldCo or SubCo, as the case may be, for exercise of Options of the Company under the Scheme, as approved by their respective boards, subject to due compliance of applicable laws.
- 12.2. 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.
- 12.3. 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.
- 12.4. 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.

13. Payment by Eligible Employees

- 13.1. The Exercise Price for Shares to be acquired upon the Exercise of Option by an Eligible Employee shall be paid fully by online payment or 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.
- 13.2. 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 Options granted to such Eligible Employee or the Shares transferred to such Eligible Employee upon an Exercise of Right.

14. Event of death/permanent incapacity of the Eligible Employee who has been Granted Options or who has received Shares

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 HoldCo (as the case may be), the treatment of the Options shall be in accordance with certain exit options, as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

14.1. In case of the death of any Eligible Employee whilst in the service/employment or directorship of the Company, the SubCo or the HoldCo (as the case may be), the Vested Options shall be Exercisable by the person(s) nominated by such Eligible Employee or if nobody is so nominated, by his legal heir and such Exercise of Right shall be effected after the completion of the time period as may be determined by the NRC from time to time, in writing. The mode of nomination would be intimated by the Company. Such nominee / legal heir shall also be bound by the provisions of this Scheme.

14.2. In case of the death of any Eligible Employee who has not nominated any person(s), the Options granted and whether or not vested, will vest in and shall be exercisable by the legal heir(s) of the deceased Eligible Employee after the completion of the time period as may be determined by the NRC from time to time, in writing; Provided however that the legal heir(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.

14.3. 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), such Eligible Employee shall be provided with certain Exit Options, as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

14.4. Notwithstanding anything contained herein, in case of the death of any Eligible Employee, the Options held by such Eligible Employee shall be transferred to and vest in case of death, in the person(s) nominated by such Eligible Employee or if nobody is so nominated, in his legal heir(s) (provided however that the legal heir(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) who shall be provided with certain Exit Options, as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

15. Exit Options

15.1. While in service or on resignation or on transfer of the Employee

15.1.1. In case of resignation of an Eligible Employee from the employment or directorship of the Company, the SubCo or the HoldCo (as the case may be), otherwise than upon retirement/ superannuation or transfer to another Tata company or Tata enterprise such Eligible Employee shall be provided with certain Exit Options, as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

15.1.2. 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, then such Eligible Employee shall be provided with certain Exit Options, as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

15.1.3. In the event an Eligible Employee resigns from the employment or directorship of the Company,

the SubCo or the HoldCo (as the case may be) or if an Eligible Employee is in service with Company, the SubCo or the HoldCo (as the case may be), such Eligible Employee shall be provided with certain Exit Options, as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

15.2. Due to termination (dismissal or discharge) of the Eligible Employee

- 15.2.1. In case the NRC 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 granted, whether or not 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.
- 15.2.2. Suspended Employees and Employees under enquiry: The treatment of 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 whatsoever 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 thereafter Vest in the concerned Eligible Employee on such additional terms and conditions, if any, as may be imposed by the NRC at its absolute discretion.
- 15.2.3. 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.

15.3. Due to retirement/superannuation of the Employee

- 15.3.1. 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 retirement/superannuation in the normal course, shall be as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme and can be exercised by the Eligible Employee, within the Exercise Period specified under Clause 6 above, unless the NRC decides otherwise.
- 15.3.2. For the purpose of this Clause, retirement/superannuation in normal course would mean attaining such age as may be specified for retirement/superannuation 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), 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).

15.3.3. In case of termination of the services of the Eligible Employee due to his retirement/superannuation pursuant to a scheme of voluntary retirement/superannuation 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.

15.3.4. In the event of retirement/superannuation of the Eligible Employee, the treatment of (i) the Vested Options; and (ii) the Options that are vested but not Exercised, shall be as contemplated in **Annexure IV**, as may be modified or varied, from time to time, in accordance with the provisions of this Scheme.

16. Transferability of Shares

16.1. The Shares which are transferred to an Eligible Employee on Exercise of Option pursuant to this Scheme shall be freely transferable to any person as permitted under applicable laws.

16.2. The Shares arising out of Exercise of vested Options shall not be subject to any lock-in restriction except such restrictions as may apply under applicable law and particularly in connection with or after Listing.

17. Accounting policies

The Company shall comply with the accounting policies and guidelines as may be applicable from time to time including the disclosure requirements of the Accounting Standards prescribed by the Central Government in terms of section 133 of the Companies Act, 2013 and including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time..

18. Other conditions

18.1 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.

18.2 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).

18.3 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 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.

19. Tax Liability:

- 19.1. 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.
- 19.2. 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.
- 19.2.1. All tax liabilities arising on the sale of the Shares by the Employee would require to be handled by the Employee alone.
- 19.2.2. 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.

20. Lapsed Options

In case any Options issued to Eligible Employees are not exercised by the respective Eligible Employees during the Exercise Period, 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.

21. Rights prior to issuance of Shares

- 21.1. 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.

22. 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.

23. Compliance with Regulatory Provisions

- 23.1. 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.

24. Effective date and duration

- 24.1. This Scheme came into force on March 2, 2010, being the date on which this Scheme was approved by the Members at the EGM. On and from this Scheme coming into force, the provisions of this Scheme shall be binding on all Eligible Employees receiving from time to time any Options and/or Shares pursuant to the Exercise of Options under this Scheme.
- 24.2. The Scheme shall remain in effect until (i) all the Shares transferred to the Trust under the Scheme have been exercised by the Eligible Employees; or (ii) the Members passing a resolution for the termination of this Scheme, whichever is earlier.
- 24.3. 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.

25. Confidentiality

- 25.1. This Scheme is private and confidential and is meant exclusively for the Employees (as defined in Clause 3.9) 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.
- 25.2. 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.
- 25.3. The Board shall, *inter alia*, disclose in the Directors' Report, such disclosures as may be required under the applicable law and include such other details as the Directors may deem fit to disclose. The Board may also make such other disclosures as required under applicable law, as it deems fit.
- 25.4. The Employees shall not have any right to object to such disclosure by the Company.
- 25.5. 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.

26. Restructuring of the Company

Upon the occurrence of any Restructuring, the NRC in consultation with the Board shall be entitled to issue instructions to the concerned 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 such Eligible Employees.

27. 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 or any other rights except as may be evidenced by the Letter of Offer.

28. No Rights Conferred

28.1 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.

28.2 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.

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

29. 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 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.

30. 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.

31. 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, 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.

32. 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.

33. 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 (where legally required) vary the terms of the Scheme provided such variation is not prejudicial to the interest of the Employees. However, post Listing, the NRC shall be entitled to vary the terms of this Scheme to meet any regulatory requirement without seeking approval of the Members. Notwithstanding the foregoing, the NRC shall also 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 6.1 above. In the event of an occurrence in the change in applicable law takes place and such change in applicable laws have the effect of amending/modifying any of the provisions of this Scheme, then such applicable laws shall be deemed to automatically amend or modify the Scheme and the provisions of the Scheme shall be interpreted accordingly.

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.

34. 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 and has thereafter been amended from time to time. 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.

35. 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, as amended from time to time. The place of Arbitration shall be Mumbai, India. The parties to such arbitration agree to have their dispute resolved by fast track procedure specified in Section 29B of the Arbitration and Conciliation Act, 1996.

36. 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 35 above, to the exclusive jurisdiction of Courts in Mumbai, India.

ANNEXURE I

Format of Letter of Offer

ON THE LETTERHEAD OF THE TRUST**STRICTLY 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 Option Scheme.

The Members of Tata Capital Limited ("**Company**") had approved the "Tata Capital Limited Employee Stock Option Scheme" ("**Scheme**") and authorized the Nomination and Remuneration Committee to issue [●] stock options in respect of [●] Equity Shares of ₹ 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 ₹ [●]/- 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.

Disclosure Statement pursuant to Regulation 16(2) of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

Part A: Statement of Risks

All investments in shares or ESOPs are subject to risk as the value of shares may go down or go up. In addition, the ESOPs are subject to the following additional risks:

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

Part B: Information about the company

1. **Business of the company:**

[Please include a description of the main objects and present business of the company.]

2. **Abridged financial information:** Abridged financial information, for the last five years for which audited financial information is available, as specified by the Board from time to time. The last audited accounts of the company shall also be provided unless this has already been provided to the employee in connection with a previous ESOP grant or otherwise.

[Please include the abridged financial information.]

3. **Risk Factors:** Management perception of the risk factors for the company (i.e., sensitivity to foreign exchange rate fluctuations, difficulty in availability of raw materials or in marketing of products, cost/time overrun etc.).

[Please include the risk factors.]

4. **Continuing disclosure requirement:** The ESOP grantee shall be provided copies of all documents that are sent to the members of the company. This shall include the annual accounts of the company as well as notices of meetings and the accompanying explanatory statements.

Part C: Salient Features of the Scheme

[The salient features of the scheme are required to be included here – such as the conditions regarding vesting, exercise, adjustment for corporate actions, and forfeiture of vested ESOPs. Alternatively, the disclosures made in the explanatory statement can be reproduced here, once the same is finalized.]

[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 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 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 applicable price shall be ` [●]/- per Share, as mentioned in the Letter of Offer.

I confirm that I have read and understood the Scheme and shall abide by all conditions set out in the Scheme as amended from time to time.

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 Option Scheme (“**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. 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 Exercise Price that I am required to pay for the [●] Shares I am to receive pursuant to the exercise of Options is an aggregate of ` [●]/- (` [●]/- per Share) as mentioned in my Letter of Offer. In this regard, please find enclosed, demand draft/cheque no. [●] for ` [●]/- drawn on [●] in favour of the Trust / The amount of Rs_ is by cheque arranged by way of loan from [●] Limited.

In addition to the above, I confirm that I have read and understood the Scheme and shall abide by all conditions set out in the Scheme as amended from time to time.

Yours faithfully,

ANNEXURE IV

- I. **For ESOPs granted under the Scheme to the Eligible Employees prior to 2018**
- A. Until Listing, treatment of Shares held by the Eligible Employee, after separation / while in service of Tata Capital Limited ("Company"), holding company ("HoldCo"), subsidiary company ("SubCo") or any other Tata Group Company, have been contemplated in **Table A**, given below. However, post Listing, this provision shall not apply.

I. For ESOPs granted to the Eligible Employee on or after 2018:

- A. Treatment of Options held by the Eligible Employees, **after separation** from the services of the Company, HoldCo, SubCo or any other Tata Group (as defined under the applicable law) Company due to resignation, termination (dismissal and discharge), superannuation, transfer, death or permanent incapacitation of the Eligible Employee, have been contemplated below:
- i. **Resignation (but not termination):**
 - 1. Options not Vested – All Unvested Options shall lapse.
 - 2. Options Vested but not Exercised – All Options Vested but not Exercised can be exercised till the last working date. Post the last working date, any unexercised Options will lapse.
 - ii. **Termination (Dismissal or Discharge) of services:**

Subject to the discretion of the NRC:

 - 1. Options not Vested - All Unvested Options shall lapse.
 - 2. Options Vested but not Exercised - All Options Vested but not Exercised, shall lapse on the last working date.
 - iii. **Superannuation/Retirement or Transfer to any Tata Group Company (as defined under the applicable law):**
 - 1. Options not Vested – All Unvested Options will continue to vest as per Letter of Offer issued pursuant to the Scheme, as approved by NRC.
 - 2. Options Vested but not Exercised – All Vested Options shall continue to vest can be exercised as per the Letter of Offer issued pursuant to the Scheme.
 - iv. **Death:**
 - 1. Options not Vested - All unvested Options shall vest immediately in the legal heir(s) or nominee(s) of the Eligible Employee.
 - 2. Options Vested but not Exercised - Legal heir(s) / nominee(s) of the Eligible Employee, may exercise the Vested Options as per the Letter of Offer issued pursuant to the Scheme.
 - v. **Permanent Incapacitation:**
 - 1. Options not Vested - All unvested Options shall vest immediately in the Eligible Employee, on the date of the incapacitation.
 - 2. Options Vested but not Exercised – All Vested Options shall continue to vest and the Eligible Employee may exercise the Options by the end date for exercising, as per the Letter of Offer issued pursuant to the Scheme, as approved by the NRC.

Table A
Exit Options for Shares held under the Scheme

Holding Period of Shares				
Shares held for < 3 years	Shares held for > = 3 years and <= 5 years from the date of transfer	Shares held for > 5 years and <= 8 years from the date of transfer	Shares held for > 8 years and <= 11 years from the date of transfer	Shares held for > 11 years from the date of transfer
<p>Sale of shares to Trust at Exercise Price or FMV, whichever is lower</p> <p>OR</p> <p>100% of holdings can be carried by the Employee, if the Employee has been in continuous service with the Company, SubCo, HoldCo or any other Tata group Company for a total period of 5 or more years</p>	<p>Up to 25% of holdings @ FMV</p> <p>AND</p> <p>75% of holdings @ Exercise price + interest at a rate to be determined by the NRC but subject to a maximum of 9% ("Applicable Rate"), subject to cap of the FMV</p> <p>OR</p> <p>100% of holdings can be carried by the Employee, if the Employee has been in continuous service with the Company, SubCo, HoldCo or any other Tata group Company for a total period of 5 or more years</p>	<p>Up to 50% of holdings @ FMV</p> <p>AND</p> <p>50% of holdings @ Exercise price + interest at the Applicable Rate, subject to cap of the FMV</p> <p>OR</p> <p>100% of holdings can be carried by the Employee</p>	<p>Up to 75% of holdings @ FMV</p> <p>AND</p> <p>25% of holdings @ Exercise price + interest at the Applicable Rate, subject to cap of the FMV</p> <p>OR</p> <p>100% of holdings can be carried by the Employee</p>	<p>Up to 100% of holdings @ FMV</p> <p>OR</p> <p>100% of holdings can be carried by the Employee</p>

Note:

1. The Trust shall have no obligation to re-purchase Shares from the Employees who have separated, by way of resignation, from the Company or its SubCo or its HoldCo or any Tata Group Company and have carried any of their Shares with them.