

**ADITYA BIRLA FASHION AND RETAIL LIMITED**

**Aditya Birla Fashion and Retail Limited -TCNS Division Employee Stock Option Scheme 2024  
("ABFRL-TCNS Division ESOP Scheme")**

**As per Scheme of Amalgamation (By way of Merger by Absorption) among TCNS Clothing Co. Limited ("Transferor Company/ TCNS") and Aditya Birla Fashion and Retail Limited ("Transferee Company/ ABFRL/Company") and their respective shareholders and creditors ("Merger Scheme") as approved by the shareholders of the Company on June 5, 2024 and Hon'ble National Company Law Tribunal Mumbai Bench on August 2, 2024 and subsequently by Nomination and Remuneration Committee of the Company on August 7, 2024**

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## 1. Name and Objective of the Scheme

- 1.1. This Aditya Birla Fashion and Retail Limited -TCNS Division Employee Stock Option Scheme 2024 shall be called as **“ABFRL-TCNS Division ESOP Scheme”** (*hereinafter referred to as “Scheme”*) which expression shall include any alterations, amendments or modifications hereto from time to time.
- 1.2. This “ABFRL-TCNS Division ESOP Scheme has been formulated by the Nomination and the Remuneration Committee ( “Committee”) of the Company on **August 7, 2024 (“Date of Institution of Scheme”)** and in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity Regulations, 2021, as amended (“SEBI Regulations”) and pursuant to the Merger Scheme as approved and sanctioned by the Hon’ble National Company Law Tribunal Mumbai Bench dated August 2, 2024 (“NCLT Order”). The Merger Scheme has become effective on September 1, 2024 (**“Effective Date of Merger”**).
- 1.3. The **ABFRL-TCNS Division ESOP** Scheme is established with effect from the date of approval by the Nomination and Remuneration Committee of the Company and shall continue to be in force until the date on which all of the Transferee Company Stock Options (as defined hereinafter) available for issuance under this Scheme have been issued and exercised (as defined hereinafter) or gets lapsed or cancelled or the Scheme has been terminated by the Committee or Board of the Company.
- 1.4. No further Grants shall be made under the **ABFRL-TCNS Division ESOP Scheme**.
- 1.5. The Board of the Company may, subject to compliance with Applicable Law (as defined hereinafter), at any time alter, amend, suspend or terminate this Scheme.

## 2. Objective of the “ABFRL-TCNS Division ESOP Scheme

- 2.1. The objective of ABFRL-TCNS Division ESOP Scheme is to administer, the Transferor Company Stock Options granted under the Transferor Company ESOP Schemes i) which have vested but not exercised and ii) which are granted but not yet vested; and are outstanding as on the Record Date (as defined herein after), and the Eligible Employees are entitled to the Transferee Company Stock Options adjusted after considering the Share Exchange Ratio (as defined hereinafter), in accordance with the Merger Scheme. The exercise price of Transferor Company Stock Options shall be adjusted after taking into account the effect of Share Exchange ratio, pursuant to the Merger Scheme.

## 3. Definitions and Interpretation

### 3.1. Definitions

- (i). **“Aditya Birla Group”** means all entities constituting the Aditya Birla Group of companies, a list of which will be maintained with the company secretary of the Company from time to time, (hereinafter referred to as **“ABG Group”**).
- (ii). **“Applicable Law”** includes every law, rule, regulation or bye-law relating to employee stock options, including, without limitation, the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992, the SEBI Regulations and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye- laws of India

or any relevant jurisdiction, or of any stock exchange on which the equity shares of the Company are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.

- (iii). **“Adjusted Exercise Price”** means the exercise price payable by an Eligible Employee for exercising the Vested Options in pursuance of grants made under Transferor Company Stock Option Schemes and as adjusted after taking into account the effect of the Share Exchange Ratio as per the Merger Scheme.
- (iv). **“Bad Leaver”** means an employee who is a Leaver as a result of:
- a) Termination due to Cause;
  - b) being designated as a Bad Leaver as set out under the proviso of the definition of **“Good Leaver”**.
- (v). **“Board”** or **“Board of Directors”** means the duly constituted board of directors of the Company, which includes any committee authorized by the Board of Directors in this behalf, including the Nomination and Remuneration Committee.
- (vi). **“Cause”** means:
- a) breach by the relevant Eligible Employee of the any of the terms in the Grant Letter, his/her service contract, other contract or handbook related employment, code of conduct, applicable policies, any confidentiality or any non-competition agreement with the Company/subsidiary/ABG Group, in India or Outside India, as relevant.
  - b) illegal or unlawful acts of an Eligible Employee, including, theft and fraud or dishonesty in relation to the Company/subsidiary/ABG Group.
  - c) the Eligible Employee committing an offence involving moral turpitude or unethical business conduct.
  - d) the Eligible Employee committing any breach of his obligations under the employment agreement or any other agreement with the Company/subsidiary/ABG Group or any of the applicable policies of the Company/subsidiary/ABG Group (including the sexual harassment policy in force from time to time) which, if remediable, is not remedied within 7 (Seven) days of a written notice by the Company/subsidiary/ABG Group identifying such breach, or refusing or neglecting to comply with any reasonable and lawful directions of the Board;
  - e) any willful misfeasance or willful misconduct or gross negligence by the Eligible Employee, or other act or omission which is detrimental to the business or reputation of the Company/subsidiary/ABG Group, in India or Outside India;
  - f) breach of applicable securities laws including but not limited to laws on insider trading, fraudulent and unfair trade practices, etc. or
  - g) any other act which would permit summary dismissal under Applicable Law or employment terms;

- (vii). **“Cessation Date”** means the last working day of employment of the Eligible Employee with the Company/subsidiary/ABG Group.
- (viii). **“Companies Act”** means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- (ix). **“Committee”** means the Nomination and Remuneration Committee that has been constituted by the Board in accordance with Section 178 of the Act as amended and Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, *inter-alia* for administration and superintendence of this Scheme in Compliance with SEBI Regulations.
- (x). **“Company”** or **“Transferee Company”** means Aditya Birla Fashion and Retail Limited, registered under Companies Act, 1956, having its registered office at Piramal Agastya Corporate Park, Building A, 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S Road, Kurla Mumbai Maharashtra - 400070, India and, where the context requires.
- (xi). **“Corporate Actions”** shall have the same meaning as understood under the SEBI Regulations and includes any of the following actions:  
(i) Merger, de-merger, reconstitution, spin-off, consolidation, amalgamation, reclassification of capital or other reorganization of the Company.  
(ii) Rights issue, bonus issues, split, or other changes in the capital structure of the Company.
- (xii). **“Eligible Employee”** means:  
  
An employee of Transferor Company, who have been working in India or outside India, to whom options were granted under Transferor Company Stock Option Schemes and outstanding as on Record Date pursuant to Merger Scheme.
- (xiii). **“Exercise”** means making of an application, accompanied with the Adjusted Exercise Price, to be paid by the Eligible Employee in the name of Transferee Company for issuance of Shares (or to arrange the issuance, allotment, transfer, etc.), in pursuance of this Scheme.
- (xiv). **“Exercise Period”** means the time period after Vesting within which the Eligible Employee should Exercise his/her Vested Options under this Scheme.
- (xv). **“Good Leaver”** means Eligible Employee who is a Leaver as a result of:  
  
a) Superannuation/Retirement at the retirement age under terms of employment.  
  
b) ill-health preventing continued employment, as determined by the Committee based on a certificate of one or more medical experts identified by the Committee.

- c) voluntary resignation/termination (not due to Cause) from the employment with the Company/subsidiary/ABG Group by the Employee (provided that if there is an ongoing investigation or proceeding against such employee as on the Cessation date in connection with or relating to an event of Cause, then such employee shall not be a Good Leaver unless Committee specifically designates such employee as a Good Leaver);
- d) for any other reason, if the Committee so decides, as per the Company Policy.

Provided that an Eligible Employee who is a Good Leaver at the Cessation Date may be characterized as a Bad Leaver if after the Cessation Date the Eligible Employee breaches the terms of any confidentiality or non-compete, non-solicit, non-disparagement provisions of his employment contract or any other agreement between the Eligible Employee and the Company/subsidiary/ABG Group from time to time.

- (xvi). **“Grant”** means the options issued to the employees of the Transferor Company under the Transferor Company Stock Option Schemes.
- (xvii). **“Original Grant Date”** means the date on which the Transferor Company Stock Options were granted by the Transferor Company under the Transferor Company Stock Option Schemes.
- (xviii). **“Original Grant Letter”** means the Grant Letter issued by the Transferor Company to the Eligible Employees under Transferor Company Stock Option Schemes.
- (xix). **“Permanent Disability”** 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 Committee based on a certificate of a medical practitioner identified by such Committee.
- (xx). **“Permanent Disability Leaver”** means an Eligible Employee who is a Leaver as a result of Permanent Disability.
- (xxi). **“Record Date”** shall mean the date being the date to be fixed by the Board of the Transferor Company for the purpose of determining the shareholders of the Transferor Company to whom the merger consideration Shares are allotted under the Merger Scheme.
- (xxii). **“Relative”** means a relative as defined under Section 2(77) of the Companies Act, 2013.
- (xxiii). **“Retirement”** means retirement as per the rules of the Company/subsidiary /ABG Group.
- (xxiv). **“Share Exchange Ratio”** means 11 fully paid-up equity shares of the Company of face value of Rs. 10/- each for every 6 fully paid-up equity shares of the Transferor Company of face value of Rs. 2/- each, in terms of the Merger Scheme.

- (xxv). **“Shares”** means equity shares of the Company.
- (xxvi). **“Shareholder”** means the registered holder of a Share in the share capital of the Company.
- (xxvii). **“Transferee Company Shares”** means fully paid-up equity shares of the Transferee Company having face value of Rs. 10/- (Indian Rupees Ten only) per equity share and one vote per equity share.
- (xxviii). **“Transferee Company Stock Options”** means a right but not an obligation granted to an Eligible Employee in pursuant of this Scheme in lieu of the Stock Options granted under Transferor Company Stock Option Schemes, which gives the right to an Eligible Employee to Exercise at a future date the Transferee Company Shares underlying the options at a pre-determined price.
- (xxix). **“Transferor Company Stock Options”** means the Options so granted by the Transferor Company to the employees of the Transferor Company under Transferor Company Stock Option Schemes.
- (xxx). **“Transferor Company”** means TCNS Clothing Co. Limited registered under Companies Act, 1956, having its registered office at Piramal Agastya Corporate Park, Building A, 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S Road, Kurla Mumbai Maharashtra - 400070, India and, where the context requires.
- (xxxi). **“Transferor Company Stock Option Schemes”** means TCNS ESOP Scheme 2014-2017 (as amended on February 11, 2022) and the TCNS ESOP Scheme 2018-2023 (as amended on February 11, 2022, and July 30, 2022).
- (xxxii). **“Unvested Option”** means options in respect of which the relevant Vesting Conditions have not been satisfied in accordance with the Transferor Company Stock Option Schemes and, the Eligible Employee has not become entitle to Exercise the Option under this Scheme as on the Record Date.
- (xxxiii). **“Vesting”** means the process by which the Eligible Employee becomes eligible to convert the vested Transferor Company Stock Options into Shares of the Transferee Company, as adjusted in accordance with the Share Exchange Ratio, as per the terms and conditions of this Scheme.
- (xxxiv). **“Vesting Period”** means the time period as mentioned in Original Grant Letter.
- (xxxv). **“Vested Option”** means an option in respect of which the relevant Vesting Conditions have been fulfilled or yet to be fulfilled in accordance with the Transferor Company Stock Option Schemes.

#### 4. Implementation & Administration

- 4.1. ABFRL-TCNS Division ESOP Scheme shall be administered by the Committee in accordance with applicable Acts and Regulations. The Committee, for the purpose of administrating the Scheme may use the support of the management of the Company or such other persons as may be determined by the Committee from time to time. The issuance of the Shares shall

be under the guidance, advice and direction of the Board/Committee.

- 4.2. The Board / Committee may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the Board/Committee deems necessary or desirable as per the powers granted under the provisions of this Scheme.
- 4.3. The powers of the Committee, inter- alia, include the power to:
- i. Adopt rules and regulations for implementing the Scheme from time to time.
  - ii. Identification of Eligible Employees pursuant to valid grants of options (as defined above) who are entitled to participate in this Scheme.
  - iii. Approving terms of Exercise Price, Exercise of options for Transferor Company Stock Options, as adjusted in Share Exchange Ratio, in accordance with this Scheme.
  - iv. To decide the specified time period within which the Eligible Employees shall Exercise the Vested Options in the event of termination or resignation in accordance with this Scheme.
  - v. To decide upon the right of an Eligible Employee to Exercise all the Options vested at one time or at various points of time within the Exercise Period;
  - vi. The Vesting and Exercise of Option in case of Eligible Employees who are on long Leave;
  - vii. The procedure for making a fair and reasonable adjustment to the entitlement including but not limited to adjustment to the number of Options, Exercise Price, in case of Corporate Actions.
  - viii. Determine the method for exercising the Vested Options, period of Exercise, etc.
  - ix. Prescribe lock-in period, if any, after Exercise by the Eligible Employee.
  - x. Re-pricing of the Options which are not Exercised, whether or not they have been vested if the Options are rendered unattractive due to fall in the price of the Shares in the market vis-à-vis the Exercise Price, subject to Applicable Law.
  - xi. Approve forms or agreements for use under this Scheme;
  - xii. Decide all other matters that must be determined in connection with an Option under the Scheme in accordance with SEBI Regulations;
  - xiii. Frame suitable policies and systems to ensure that there is no violation of:
    - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
    - SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

No member of the Committee/Board shall be personally / professionally liable for any decision or action taken in good faith with respect to the Scheme.

A member of the Committee/Board shall abstain from participating in and deciding on any matter relating to Grant of any Option to him.

## 5. Eligibility Criteria

- 5.1. The Eligible Employees who have outstanding Options under the Transferor Company ESOP Schemes i) which have vested but not exercised and ii) which are granted but not yet vested; and are outstanding as on the Record Date, shall be eligible to receive Options of the Transferee Company in the Share Exchange Ratio and the Exercise Price shall be adjusted after taking into account the effect of Share Exchange Ratio. The adjustments to the respective Options and Exercise Price are illustrated in **Annexure A**, attached to this



Scheme.

## **6. Pool of the Options/ Shares**

- 6.1. The Company proposes to implement ABFRL-TCNS Division ESOP Scheme pursuant to NCLT order dated August 2, 2024 relating to Merger Scheme.
- 6.2. After taking into account the Share Exchange Ratio, the Eligible Employee shall be entitled to 11 options in the Transferee Company for every 6 options granted in the Transferor Company.
- 6.3. The maximum aggregate number of Transferee Company Shares ("**Pool of Shares**") that shall be issued and allotted under ABFRL-TCNS Division ESOP Scheme shall not exceed 24,36,547 Equity Shares, bifurcated as under, after taking into account the Share exchange Ratio:
- a. 2,86,144 Transferee Company Shares arising out of 1,56,075 options vested but not exercised under TCNS ESOP Scheme 2014-2017 (as amended on February 11, 2022) by the Eligible Employees.
  - b. 19,70,259 Transferee Company Shares arising out of 10,74,686 options vested but not exercised under TCNS ESOP Scheme 2018-2023 (as amended on February 11, 2022 and July 30, 2022) by the Eligible Employees.
  - c. 1,80,144 Transferee Company Shares that may arise out of 98,260 options granted but not vested under TCNS ESOP Scheme 2018-2023 (as amended on February 11, 2022, and July 30, 2022) to the Eligible Employees.

The details of these options, along with the Shares to be issued by the Transferee Company adjusted w.r.t. the Share Exchange Ratio is annexed as **Annexure B**.

- 6.4. Additionally, there are no outstanding or pending grants to the Eligible Employees under the Transferor Company Stock Option Schemes as of the Record Date. Further, if any Option expires, lapses, or is cancelled or becomes un-exercisable due to any reason then such Options shall not be made available for any future grants to Eligible Employees under this Scheme.
- 6.5. Further, the maximum number of Options and Exercise Price shall be automatically adjusted in case of corporate action. The Company reserves the right to increase such number of Options/Shares as it deems fit, in accordance with the Applicable Law.

## **7. Vesting Schedule and Conditions**

- 7.1. Options granted under Transferor Company Stock Options shall be vested or yet to be vested as per the Original Grant date, vesting schedule, vesting conditions as mentioned in the Original Grant Letter issued to Eligible Employee under the Transferor Company ESOP Schemes.
- 7.2. Vesting of Options would be subject to continued employment with the Company/subsidiary/ABG Group.
- 7.3. If the Vesting Period/criteria as per the Original Grant Letter, is not fulfilled, then such Options shall lapse and shall stand cancelled. These lapsed or cancelled options shall not be available for further Grant under this Scheme.

## **8. Adjusted Exercise Price**

- 8.1. Exercise Price shall be the Adjusted Exercise Price as mentioned under this Scheme. However, the adjusted Exercise Price shall not fall below the face value of the Company at any time.
- 8.2. The aggregate Exercise Price shall be paid in full upon the Exercise of the Vested Options by a cheque, demand draft drawn on the name of Transferee Company or by electronic fund transfer.
- 8.3. The payment of applicable taxes, if any, in respect of Exercise of the Options shall be made by the Eligible Employee in the name of Transferee Company, at the time of Exercise. However, the Company has the right to recover tax from the Eligible Employee, by deducting the respective amount of tax from the Eligible Employee's salary payable by the Company/subsidiary/ABG Group.

## **9. Exercise Period**

- 9.1. The Vested Options shall be capable of being exercised by Eligible Employee within a period of not exceeding 10 years from the Original Grant date.
- 9.2. The Vested Options shall be exercisable either wholly or in part during the Exercise Period according to the terms and conditions as determined and mentioned under this Scheme.
- 9.3. Upon Valid Exercise of Options under this Scheme, the Eligible Employee shall receive the right to Exercise at a future date the Transferee Company Shares underlying the Options at a pre-determined price.
- 9.4. Any Vested Options that have not been exercised by the Eligible Employee during the Exercise period as per Clause 9.1, shall lapse and shall not thereafter be capable of being exercised by the Eligible Employee.
- 9.5. Notwithstanding anything contained in Clause 9.2, the Nomination and Remuneration Committee shall be authorised to extend the permissible time limit of Exercise, on case-to-case basis, but not exceeding the overall Exercise Period as mentioned in Clause 9.1.

## **10. Cessation of Employment**

- 10.1. If, at any time, an Eligible Employee either: (1) has ceased to be employee of the Company/subsidiary/ABG Group; or (2) is under notice (whether given or received) (such Employee, is categorised as a "Leaver"), then:

### **a) In case of Death (categorised as Deceased Leaver)**

All Options Granted as on date of death, whether Vested or Unvested shall immediately vest in the hands of legal heirs / nominee of the deceased leaver. The Options would be exercisable by the legal heirs / nominee within a period of 5 (Five) Years from the date of death or before the expiry of the Exercise Period as per this Scheme, whichever is earlier.

All other terms and conditions of this Scheme shall apply to such Options. Provided that, in order to Exercise the Options of the deceased leaver, the legal heirs / nominee have to submit the relevant / necessary documents as communication by the Company/subsidiary/ABG Group, from time to time.

**b) In case the leaver is categorised as a Permanent Disability Leaver**, then all Options Granted as on date of Permanent Disability, whether Vested or Unvested shall immediately vest in/to the Eligible Employee/the legal heirs or nominee on that day, as the case may be. The Options would be exercisable within a period of 5 (Five) Years from the date of Permanent Disability or before the expiry of the Exercise Period as per this Scheme, whichever is earlier.

**c) In case the leaver is categorised as a Good Leaver**

- i. All Unvested Options as on the Cessation Date shall stand cancelled with effect from that Date of Cessation.
- ii. All Vested Options shall be exercisable by the Eligible Employee within 3 (Three) months from the Cessation Date or before the expiry of the Exercise Period, as per this Scheme whichever is earlier.

Provided that in case of the cessation of employment **due to Retirement or superannuation**,

- i. All Vested Options shall be exercisable by the Eligible Employee within 3 (Three) months from the Cessation Date or before the expiry of the Exercise Period as per this Scheme, whichever is earlier.
- ii. All Unvested Options as on the Cessation Date would continue to vest in accordance with the respective vesting schedules even after Retirement or superannuation in accordance with the Company's (including ABG Group) policies and the Applicable Law.

**d) In case a Leaver is categorised as a Bad Leaver**, all Options, whether Vested or Unvested, as on date of cessation shall stand cancelled with immediate effect.

10.2. In the event of an Eligible Employee going on **Long Leave (as approved by the Company except to Maternity Leave)**, the treatment of Options Granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final and binding.

10.3. In the event that an Eligible Employee is transferred pursuant to scheme of arrangement, amalgamation, merger or demerger or continued in the existing Company, prior to the Vesting or Exercise, the treatment of Options in such case shall be specified in such scheme of arrangement, amalgamation, merger or demerger provided that such treatment shall not be prejudicial to the interest of the Eligible Employee.

10.4. In the event where a Dispute arises between Eligible Employee and the Company, Vesting and/or Exercise of Options will be put on hold till the date of settlement of the dispute, to the satisfaction of the Committee.

10.5. The Committee may modify the terms for cessation of employment/ discontinuance of service as mentioned in foregoing paras 10.1 to 10.4.

## **11. Reorganization of Capital Structure**

- 11.1. Subject to the paragraphs provided hereunder this Clause, in the event of change in control of the Company or Corporate Action, Grant under the Scheme shall be subject to adjustment by the Committee at its discretion as to number of Options or Vesting criteria as the case may be such that (a) the number of Options and the Exercise Price is adjusted in the manner such that the total value to the Eligible Employee remains the same after Corporate Action and/or change in control of the Company; (b) the Vesting criteria and the life of the Options is left unaltered to protect the interest of the Eligible Employee. The decision of the Committee, in this regard, shall be final and binding.
- 11.2. In the event of severance of employment of an Eligible Employee, as a part of reconstitution / amalgamation / sell-off or otherwise, the Options granted and not Exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined by the Committee at that time.
- 11.3. In the event of a dissolution or liquidation of the Company, any Vested Options and Unvested Options outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the Options so cancelled.
- 11.4. In the event of demerger of the Company, the respective committees of the Resulting and the de-merged company will take the decision regarding the time period for the Exercise of the Vested Options and the treatment of Vested Options and Unvested Options including the Exercise Price thereof.

## **12. Recovery of applicable taxes**

- 12.1. An Eligible Employee shall pay all taxes and discharge all other liabilities to which he/she may become subject to as are result of his/her participation in this Scheme or Exercise of Options.
- 12.2. The Company/subsidiary/ABG Group shall have the right to deduct from the Eligible Employee's salary or recover from the Eligible Employee otherwise, any of the Eligible Employee's tax obligations and such other tax as may be levied on the Company or on behalf of the Eligible Employee arising in connection with the Grant, Vesting and Exercise of Options and allotment of Shares thereof. The Company shall have no obligation to deliver Shares until the Company's tax deduction obligations, if any have been satisfied by the Eligible Employee.
- 12.3. The Company reserves the right to hold the allotment of Shares to Eligible Employee in case the applicable taxes are not paid. The applicable taxes will be calculated basis Eligible Employee's tax structure.

## **13. Disclosure and Accounting Policies**

- 13.1. The Company shall comply with the relevant Accounting Standards as may be applicable from time to time, including the disclosure requirements prescribed therein.

## **14. Surrender of Options**

- 14.1. An Eligible Employee may at any time, surrender his options; in which case the

Company/subsidiary/ABG Group shall not be liable to pay any compensation to the Eligible Employee on account of the surrender of options. Thereafter, the surrendered options shall expire, and stand cancelled with effect from the date of surrender of options.

## **15. Arbitration**

- 15.1. In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing. In case of such failure, either party may refer the dispute to a single arbitrator to be appointed by the Committee of the Company. The arbitration proceedings shall be held in Mumbai, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing. The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at Mumbai, India.

## **16. Lock-in period**

The Committee may prescribe any lock -in period in respect of Transferee Company Shares which may be issued and allotted on Exercise of Options under this Scheme.

## **17. Governing Law**

- 17.1. This Scheme and all agreements there under shall be governed by and construed in accordance with the laws of Republic of India.
- 17.2. Any term of this Scheme that is contrary to the requirement of the SEBI Regulations or any other Applicable Law or other Indian regulations shall not apply to the extent it is contrary.

## **18. Regulatory Approvals**

- 18.1. For issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Eligible Employee of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over this Scheme. The Eligible Employee under this Scheme will, if requested by the Committee/ Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- 18.2. If the Company is unable to obtain the necessary authority from any regulatory body with jurisdiction, or under any Applicable Law, for the lawful issuance and sale of Shares under this Scheme, the Company shall be fully relieved of any liability related to the failure to issue or sell such Shares.

## **19. Modification of Scheme**

- 19.1. The Committee may, on its own or if required by the law, after authorisation by the Board

of Directors /Shareholders, as the case may be, by way of resolution, (wherever required) modify this Scheme, at any time and from time to time.

19.2. Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Eligible Employee.

19.3. However, any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Eligible Employees.

## **20. Forbidden to Exercise by any Law**

20.1. If the Exercise of options within the Exercise Period is prevented by any law or regulation in force and the Employee is forbidden to Exercise the Options under such law or regulation, then in such an event the Company shall not be liable to compensate the Eligible Employees in any manner.

## **21. Beneficiary designation**

21.1. Each Eligible Employee under the Scheme may nominate, from time to time, a beneficiary. Each such nomination shall revoke all prior nominations by the same Eligible Employee, shall be in a form prescribed by the Committee and will be effective only when filed by the Eligible Employee in writing with the Company during the Eligible Employee's lifetime.

## **22. Non-transferability of Options**

22.1. Except as provided in clause 10 hereof, the Options Granted herein, are personal to the Eligible Employees. The Options cannot be assigned, alienated, pledged, attached, hypothecated, sold, or otherwise transferred or encumbered by the Eligible Employee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

## **23. Miscellaneous**

23.1. Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an employee stock option shall give such individual any right entitlement or expectation that he has or will in future have any such right entitlement or expectation to participate in this Scheme by being granted an employee stock option on any other occasion.

23.2. The rights granted to an Eligible Employee upon the Grant of an employee stock option shall not afford the Eligible Employee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company/subsidiary/ ABG Group for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

23.3. The Eligible Employee shall not be entitled to any compensation or damages for any loss or potential loss which she/he may suffer by reason of being unable to Exercise an employee stock option.

23.4. The Eligible Employee shall not have a right to receive any dividend or to vote or in any

manner enjoy the benefits of a Shareholder in respect of employee stock options granted, till Shares underlying such employee stock options are allotted on Exercise of such employee stock option.

- 23.5. Nothing herein is intended to or shall give the Eligible Employee any right or status of any kind as a Shareholder of the Company in respect of any Shares covered by the Grant unless the Eligible Employee Exercises the Employee Stock Option and becomes a registered holder of the Shares of the Company.
- 23.6. No person other than the Eligible Employee to whom the employee stock option is granted under Transferor Company Stock Option Schemes shall be entitled to Exercise the Transferee Company Stock Options except in the event of the death of the Eligible Employee holder. Employee stock options shall not be transferable.
- 23.7. Nothing contained in the Scheme hereunder shall:
- confer upon any Eligible Employee any right with respect to continuation of employment or engagement with the Company/subsidiary/ABG Group; or
  - interfere in any way with the right of the Company/subsidiary/ABG Group to terminate employment or services of any Eligible Employee at any time.

#### **24. Notices**

- 24.1. All notices of communication required to be given by the Company to an Eligible Employee/beneficiary by virtue of this Scheme shall be in writing and shall be sent to the email address of the Eligible Employee or at the latest address available in the records of the Company and any communication to be given by an Eligible Employee/beneficiary to the Company in respect of Scheme shall be sent to the address mentioned below:

The Company Secretary  
Piramal Agastya Corporate Park, Building A,  
4<sup>th</sup> and 5<sup>th</sup> Floor, Unit No. 401, 403, 501, 502,  
L.B.S Road, Kurla Mumbai,  
Maharashtra - 400070, India

#### **25. Confidentiality**

- 25.1. Notwithstanding anything contained in this scheme, the Eligible Employee / Beneficiary shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the Applicable Law or any statutes or regulations applicable to such Eligible Employee. In case failure to comply with this clause by the Eligible Employee the Grant or the contract, as the case may be, shall, unless Committee decides otherwise; stand automatically terminated without any liability to the Company.

Annexure A

The adjustments to the TCNS Options after considering the effect of the Share Exchange ratio in accordance with the Merger Scheme is illustrated as below:

Sr. No	Name of employee	TCNS Options	TCNS vesting/ Exercise price	ABFRL Options to be given [TCNS options*11]/6	ABFRL vesting/ Exercise Price [TCNS vesting/ Exercise price*6]/11
1	Employee A	500	300	917	163.64
2	Employee B	1,000	300	1,834	163.64



## Pool of the Options/ Shares under ABFRL-TCNS Division ESOP Scheme

<b>Scheme</b>	<b>Particulars</b>	<b>TCNS options</b>	<b>Equivalent ABFRL options</b>
TCNS ESOP Scheme 2014-17	Vested Options but not exercised	1,56,075	2,86,144
TCNS ESOP Scheme 2018-2023	Vested Options but not exercised	10,74,686	19,70,259
TCNS ESOP Scheme 2018-23	Unvested Options	98,260	1,80,144
<b>Total</b>		<b>13,29,021</b>	<b>24,36,547</b>