

**HINDALCO INDUSTRIES LIMITED  
EMPLOYEE STOCK OPTION AND  
PERFORMANCE STOCK UNITS SCHEME 2022**

## TABLE OF CONTENTS

1. NAME, OBJECTIVE AND TERM OF THE HINDALCO INDUSTRIES LIMITED EMPLOYEE STOCK OPTION AND PERFORMANCE STOCK UNITS SCHEME 2022.....	1
2. DEFINITIONS AND INTERPRETATION .....	2
3. AUTHORITY AND CEILING .....	8
4. ADMINISTRATION .....	10
5. ELIGIBILITY, APPLICABILITY AND GRANT.....	12
6. VESTING SCHEDULE AND CONDITIONS .....	13
7. EXERCISE.....	15
8. OTHER TERMS AND CONDITIONS.....	19
9. TRANSFERABILITY OF EQUITY SHARES .....	20
10. LOCK-IN PERIOD .....	20
11. TAX LIABILITY .....	20
12. TAX DEDUCTION AT SOURCE.....	21
13. AUTHORITY TO VARY TERMS.....	21
14. MISCELLANEOUS .....	21
15. CONFIDENTIALITY .....	22
16. METHOD USED FOR VALUATION OF OPTIONS AND PSUS .....	23
17. CONFORMANCE TO THE ACCOUNTING POLICIES .....	23
18. DISCLOSURES .....	23
19. NO RESTRICTION ON CORPORATE ACTION .....	23
20. NO PROHIBITION ON NEW SCHEMES .....	23
21. NOTICES .....	23
22. SEVERABILITY .....	24
23. ARBITRATION .....	24
24. GOVERNING LAW .....	24

## **Hindalco Industries Limited Employee Stock Option and Performance Stock Unit Scheme 2022**

### **1. Name, Objective and Term of the Hindalco Industries Limited Employee Stock Option and Performance Stock Unit Scheme 2022**

- 1.1 Hindalco Industries Limited Employee Stock Option and Performance Stock Unit Scheme 2022 shall be called the “**HIL Scheme 2022**” under which the Company (as defined hereinafter) is authorized to grant Options (as defined hereinafter) and PSUs (as defined hereinafter) to the Employees (as defined hereinafter), which expression shall include any alterations, amendments or modifications hereto from time to time.
- 1.2 This HIL Scheme 2022 was formulated by the Nomination, Remuneration and Compensation Committee of the Board (as defined hereinafter) and approved by it at its meeting held on 22<sup>nd</sup> July, 2022, by the Board at its meeting held on 22<sup>nd</sup> July, 2022, and by the shareholders of the Company *vide* a special resolution passed at the Extra-Ordinary General Meeting held on 23<sup>rd</sup> August, 2022. For extending the benefits of the HIL Scheme 2022 to the employees of the Company’s Subsidiary Companies (as defined hereinafter), Holding Company (as defined hereinafter), Associate Company (as defined hereinafter) and Group Companies (as defined hereinafter), a separate resolution of the shareholders of the Company was also passed at the said Annual General Meeting held on 23<sup>rd</sup> August, 2022.
- 1.3 The Company aims to provide competitive remuneration opportunities to its employees, including through annual incentive plans and long-term incentive plans. The Company believes that in addition to annual incentive plans, the presence of a long-term incentive plan and the resulting employee ownership can facilitate a performance driven culture and contribute to the success of the Company. The Company views stock options and units as long-term incentive instruments to enable the employees to share the value they create for the Company in the years to come. Accordingly, the main objectives of the HIL Scheme 2022 are:
- (i) to achieve sustained growth of the Company and create shareholder value by aligning the interests of the employees with the long term interests of the Company;
  - (ii) to attract and retain talent and as well as to motivate the employees to contribute to its growth and profitability;
  - (iii) to recognise and reward the efforts of employees and their continued association with the Company and its Group Company(ies) including Associate Company(ies) and Subsidiary Company(ies) and Holding Company(ies).
  - (iv) to promote the culture of employee ownership, to enable the employees to have greater involvement in the existing plans of the Company and provide them an opportunity to share in the future growth and profitability of the Company, which should lead to improved employee engagement, motivation and retention.

- 1.4 This HIL Scheme 2022 is established with effect from 22<sup>nd</sup> July, 2022 and shall continue to be in force until (i) its termination by the Board or (ii) the date on which all of the Options and the PSUs available for grant under the HIL Scheme 2022 have been granted and Exercised (as defined hereinafter) or have lapsed or have been cancelled by the Nomination, Remuneration and Compensation Committee and the Nomination, Remuneration and Compensation Committee does not intend to re-grant the said lapsed or cancelled Options or PSUs.
- 1.5 The Board may, subject to compliance with Applicable Law (as defined hereinafter), at any time alter, amend, suspend or terminate the HIL Scheme 2022.

## 2. Definitions and Interpretation

### 2.1 Definitions.

- (i) “**Applicable Law**” includes every law, rule, regulation or bye-law relating to employee stock options, including, without limitation, the Companies Act (as defined hereinafter), the SBEB & SE Regulations (as defined hereinafter), the SEBI Listing Regulations (as defined hereinafter), 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.
- (ii) “**Associate Company**”, in relation to another company, shall have the meaning ascribed to it under the Companies Act.
- (iii) “**Board**” means the board of Directors of the Company, which includes any committee authorized by the Board of Directors in this behalf, including the Nomination, Remuneration and Compensation Committee.
- (iv) “**Companies Act**” means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- (v) “**Company**” means Hindalco Industries Limited, incorporated under Companies Act, 1956, having its registered office at B-Wing Ahura Centre, 1<sup>st</sup> Floor, Mahakali Caves Road, Andheri East, Mumbai- 400093, where the context requires, its Subsidiary Companies, Associate Company, and Holding Company.
- (vi) “**Company Policies/Terms of Employment**” mean the Company’s policies for employees and the terms of employment as contained in the ‘employment letter’ and the “Company Handbook” which includes provision for securing confidentiality, non- compete, and non- poaching of other employee and any other relevant human resources policies.
- (vii) “**Director**” means a member of the Board of the Company.
- (viii) “**Eligibility Criteria**” means the criteria as may be determined from time to time by the Nomination, Remuneration and Compensation Committee for

granting the Options or the PSUs to the Employees (including the existing employees or to the new entrants on such basis as the Nomination, Remuneration and Compensation Committee may deem fit, in accordance with the Applicable Law).

- (ix) **“Employee”** means as follows:
- (a) An employee as designated by the Company, who is exclusively 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 Group Company including Subsidiary Company or its Associate Company, in India or outside India, or of a Holding Company of the Company, but does not include—
    - (1) an employee who is a Promoter or belongs to the Promoter Group;
    - (2) a Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% (ten percent) of the outstanding equity Shares of the Company.
- (x) **“Employee Performance Stock Unit/s”/“PSU(s)”** means the stock option Granted to an Employee, which gives such Employee the right, but not an obligation, to purchase, during the Exercise Period, the Equity Shares underlying the PSUs at the PSU Exercise Price in accordance with the terms of the HIL Scheme 2022.
- (xi) **“Employee Stock Option(s)”/“Option(s)”** means the stock option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase, during the Exercise Period, the Equity Shares underlying the Option at the Option Exercise Price in accordance with the terms of the HIL Scheme 2022.
- (xii) **“ESOS Code of Conduct”** means the Code of Conduct formulated by the Company for Employees covered under the HIL Scheme 2022.
- (xiii) **“Exercise”** of Options or PSUs means making of an application by a Grantee to the Company or to the Trust, as the case may be, for the transfer or sale of Shares underlying the Vested Options, or the Vested PSUs, as the case may be, in pursuance of the HIL Scheme 2022, in accordance with the procedure laid down by the Company in this regard.
- (xiv) **“Exercise Application”** means the application form or the letter of Exercise as may be prescribed by the Nomination, Remuneration and Compensation Committee, in which the Grantee has to apply to the Company, or to the

Trust, as applicable, along with a cheque/demand draft payable at Mumbai in respect of the Option Exercise Price or the PSU Exercise Price (as the case may be) or such other documents as may be prescribed pursuant to the provisions of the HIL Scheme 2022, for Exercising the Vested Options or Vested PSUs (as the case may be). The payment towards Option Exercise Price and PSU Exercise Price may also be made by way of RTGS or NEFT or such mode of transfer to the account of the Company as may be permitted by the Nomination, Remuneration and Compensation Committee.

- (xv) “**Exercise Period**” means such time period after Vesting within which the Grantee should Exercise the Vested Options and Vested PSUs in terms of the HIL Scheme 2022.
- (xvi) “**Exercise Price**” means the price payable by a Grantee in order to Exercise the Vested Options or the Vested PSUs, as applicable, as determined by the Nomination, Remuneration and Compensation Committee. The terms Option Exercise Price and PSU Exercise Price shall be construed accordingly.
- (xvii) **Good Leaver** means any of the following situations in relation to an Employee holding Options
  - (a) the Employee resigning from his/ her employment after a period of atleast one year from the Grant Date, with the prior consent of the Company through its authorised officer; or
  - (b) the Employee asked to leave the Company, at the instance of the Company and without any cause to the Company.
- (xviii) “**Grant**” means issue of Options and PSUs, as the case may be, to the Employees under the HIL Scheme 2022.
- (xix) “**Grant Date**” means the date on which the Options and the PSUs are Granted to a Grantee by the Nomination, Remuneration and Compensation Committee under the HIL Scheme 2022, in accordance with Applicable Law.
- (xx) “**Grantee**” means an Employee who has been granted an Option and/or a PSU in pursuance of the HIL Scheme 2022.
- (xxi) “**Group**” shall have the meaning ascribed to it under the SBEB & SE Regulations.
- (xxii) “**Holding Company**” means any present or future holding company of the Company, as defined in the Companies Act.
- (xxiii) “**Letter of Grant**” means the letter issued by the Company, whether in physical or electronic mode, intimating the Employee, *inter alia*, of the Options and/or the PSUs Granted to him for acquiring a specified number of Shares at the Option Exercise Price and/or the PSU Exercise Price, as the

case may be, along with details as regards Vesting and Exercise of Options, and/ or PSU, as the case may be.

- (xxiv) “**Lock-in Period**” means the period during which the Employee shall not sell, pledge or otherwise transfer, directly or indirectly, any of his Shares or dispose of any interest in or over the right attached to any of his Shares.
- (xxv) “**Market Price**” means the latest available closing price on the Recognized Stock Exchange (as hereinafter defined) on the date immediately prior to the relevant date. If the Shares are listed on more than one Recognized Stock Exchange, then the closing price on the stock exchange having the higher trading volume shall be considered as the market price.

For the purposes of the above definition, **relevant date** means:

- (a) in case of Grant, the date of the meeting or approval of the Nomination, Remuneration and Compensation Committee on which the Grant is made; or
  - (b) in case of Exercise, the date on which the notice of Exercise is given to the Company or the Trust by the Grantee along with a cheque/ demand draft payable at Mumbai.
- (xxvi) “**Nomination, Remuneration and Compensation Committee**” means the committee constituted by the Board of Directors, in accordance with Regulation 19 of the SEBI Listing Regulations.
  - (xxvii) “**Performance Parameters**” means the performance metrics of the Company as determined, varied or altered by the Board from time to time and communicated to the Employee. The Board or the Nomination, Remuneration and Compensation Committee may at its discretion, lay down certain criteria including, but not limited to, the performance metrics which would include profitability, revenue, ESG matrix or any other strategic matrix as may be decided by the NRC Committee, on the achievement of which the granted Options/ PSUs would Vest and which may be specified in the respective Letter of Grant to be issued to the Option/ PSU Grantee.
  - (xxviii) “**Permanent Incapacity**” means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Nomination, Remuneration and Compensation Committee based on a certificate of a medical expert identified by the Board.
  - (xxix) “**Promoter**” shall have the meaning as assigned to the term under the SEBI ICDR Regulations.
  - (xxx) “**Promoter Group**” shall have the meaning as assigned to the term under the SEBI ICDR Regulations.

- (xxxix) “**Recognised Stock Exchange**” means the BSE Limited, National Stock Exchange of India Limited or any other stock exchange in India on which the Company’s Shares are listed.
- (xxxii) “**Retirement**” means retirement of an Employee as per the rules of the Company.
- (xxxiii) “**SBEB & SE Regulations**” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (xxxiv) “**SEBI**” means the Securities and Exchange Board of India.
- (xxxv) “**SEBI ICDR Regulations**” means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (xxxvi) “**SEBI Listing Regulations**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xxxvii) “**Secondment**” means the arrangement through which an Employee is temporarily assigned to any other entity within the Group, at the instance of the Company for, amongst others, talent development and growth opportunities. The term “Seconded” shall be construed accordingly.
- (xxxviii) “**Shares**” / “**Equity Shares**” means equity shares of the Company of face value of Rs. 1 each arising out of the exercise of Options and PSUs vested under the HIL Scheme 2022.
- (xxxix) “**Subsidiary Company**” means any present or future subsidiary company of the Company, as defined in the Companies Act.
- (xl) “**Trust**” means Hindalco Employees Welfare Trust , a trust established under the provisions of Indian Trusts Act, 1882, via trust deed dated October 17, 2018 (as amend from time to time).
- (xli) “**Trustee(s)**” shall mean trustees of the Trust.
- (xlii) “**HIL Scheme 2022**” means this Hindalco Industries Limited Employee Stock Option Scheme 2022 under which the Company is authorized to grant Options and PSUs to the Employees, as amended from time to time.
- (xliii) “**Unvested Option**” means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become eligible to Exercise the Option.
- (xliv) “**Unvested PSU**” means an PSU in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become eligible to Exercise the PSU.
- (xlv) “**Vesting**” means the process through which a Grantee becomes entitled to Exercise the Options or PSUs Granted to him in pursuance of the HIL Scheme 2022.



- (xlvi) “**Vesting Condition**” means any condition that may be stipulated by the Nomination, Remuneration and Compensation Committee for Vesting of Options or PSUs.
- (xlvii) “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the Option.
- (xlviii) “**Vesting Period**” means the period during which the Vesting of the Options or PSUs, as the case may be, Granted to the Employee takes place, in terms of the HIL Scheme 2022.
- (xlix) “**Vested PSU**” means a PSU in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the PSU.

Any term not defined above, but defined in the Companies Act or the SBEB & SE Regulations shall have the meaning assigned to it under the Companies Act or the SBEB & SE Regulations, as the case may be.

## 2.2 Interpretation

In this HIL Scheme 2022, unless the contrary intention appears:

- (i) the clause headings and bold typeface are for ease of reference only and shall not be relevant for the purposes of interpretation;
- (ii) a reference to a clause number is a reference also to its sub- clauses;
- (iii) words in singular number include the plural and vice versa;
- (iv) words importing a gender include any other gender;
- (v) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference;
- (vi) the word ‘person’ includes an individual, a firm, a body corporate or any other authority;
- (vii) references to this Scheme shall be construed as a reference to this HIL Scheme 2022;
- (viii) any reference to any legislation, statute, statutory provision shall be construed as a reference to such provisions as from time to time amended, consolidated, modified, extended, reenacted or replaced;
- (ix) any reference to a clause, paragraph or annexure is, unless indicated to the contrary, a reference to a clause, paragraph or annexure of this HIL Scheme 2022; and
- (x) the schedules and annexures hereto shall constitute an integral part of this HIL Scheme 2022.

### 3. Authority and Ceiling

- 3.1 The Board, at its meeting held on 22<sup>nd</sup> July, 2022, resolved to Grant to Employees under the HIL Scheme 2022, Options and PSUs exercisable into not more than 1,68,28,000 Equity Shares, (0.75%) of the paid-up equity share capital of the Company as on the date of the adoption of this HIL Scheme 2022 (or such other number adjusted in terms of **Clause 3.3** herein below or such other number as may be approved by the Board and the shareholders of the Company from time to time), in one or more tranches, whereby each such Option and PSU, as the case may be, confers a right upon the Grantee to apply for 1 (one) Equity Share, in accordance with the terms and conditions of the HIL Scheme 2022. However, the aggregate number of Options and PSUs that may be granted to a single Employee under the HIL Scheme 2022 shall not exceed [1% (one percent)] of the paid-up equity share capital of the Company at the time of Grant (which shall be adjusted in lieu of adjustments/re-organisation of capital structure of the Company from time to time).
- 3.2 Where Equity Shares are transferred to the Grantee, pursuant to the Exercise of an Option or PSU under the HIL Scheme 2022, the maximum number of Shares that can be transferred under the HIL Scheme 2022 as referred to in **Clause 3.1** above will stand reduced to the extent of such Equity Shares transferred.

### 3.3 Change in Capital Structure and other Corporate Actions

- (i) In case of corporate actions such as issue of bonus shares, rights issue (where the issuance of the Equity Shares is less than the Market Price), stock splits, consolidation or other re-organisation of capital structure of the Company, whilst any Option or PSU remains exercisable (subject to **Clause 3.4**), the Company shall make a corresponding fair and reasonable adjustment in accordance with the Applicable Law, if any, to:
- (a) the number or nominal amount of Options and PSUs to which the HIL Scheme 2022 applies (insofar as they are unexercised); and/or
  - (b) the Option Exercise Price and PSU Exercise Price, as the case may be; and/or
  - (c) the number of Shares underlying an Option or an PSU; and/or
  - (d) the method of Exercise of any Option or PSU; and/or the maximum number of Shares referred to in **Clause 3.1** above,

Provided that:

- (a) any such adjustment shall give the Grantee the same proportion of the issued share capital of the Company which such Grantee would have been entitled to subscribe or purchase, as applicable, had he exercised all the Options and PSUs held by him immediately prior to such adjustment;
- (b) any such adjustment shall be made on the basis that the aggregate Option Exercise Price or PSU Exercise Price, as the case may be,

payable by a Grantee on the full Exercise of the Options or PSUs shall remain as nearly as possible the same (but shall not be greater than) as it was before the time when such corporate action takes effect;

- (c) any such adjustment shall be made in accordance with Applicable Law;
  - (d) no such adjustment shall be made, the effect of which would be to enable Equity Shares to be issued at less than their face value; and
  - (e) the issue or transfer of shares or other securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment.
- (ii) In the event of any corporate action as required under Applicable Law, including (without limitation) rights on a general offer, rights on compromise, arrangement, reconstruction or amalgamation, rights where a person becomes bound or entitled to acquire Equity Shares and rights where there is a change in control of the Company, which is not contemplated by **Sub-Clause 3.3(i)** above, the Nomination, Remuneration and Compensation Committee may, subject to the provisions of the HIL Scheme 2022 and Applicable Law, adjust the number of Options and RSUs (Vested as well as Unvested) or the Option Exercise Price/ the PSU Exercise Price, as the case may be, or the Vesting Period or the Exercise Period or take one or more of the foregoing actions and/or other actions, as it deems appropriate in accordance with Applicable Law while ensuring that the interests of the Grantees are protected.

3.4 Options and PSUs not Vested due to non-fulfillment of the Vesting Conditions, Vested Options and Vested PSUs which the Grantees have expressly refused to Exercise, Options and PSUs (Vested and not Exercised and Unvested) which have been surrendered and any Options and PSUs Granted but not Vested or Exercised within the stipulated time due to any reasons, shall lapse and these Options and PSUs or the underlying Equity Shares will be available for Grant by the Nomination, Remuneration and Compensation Committee to any Employee(s) as it may deem fit in its absolute discretion, whether under the HIL Scheme 2022 or any amendment thereto or under a new scheme, as a fresh grant, subject to compliance with the provisions of the Applicable Law.

3.5 The Company may re-price the following Options and PSUs (in whole or in tranches), as the case may be, in accordance with Applicable Law, in the event they are rendered unattractive due to the fall in the price of the Shares on the Recognized Stock Exchanges:

- (i) Unvested Options or Unvested PSUs; and
- (ii) Vested Options and Vested PSUs which are yet to be exercised.

#### 4. Administration

- 4.1 The HIL Scheme 2022 shall be operated and administered by the Trust based on the recommendations of the Nomination, Remuneration and Compensation Committee. All questions of interpretation, dispute, discrepancy or disagreement which shall arise under, or as a result of, or pursuant to, or in connection with the HIL Scheme 2022 or any Option or PSU shall be referred to the Nomination, Remuneration and Compensation Committee and shall be determined by the Nomination, Remuneration and Compensation Committee and such determination or interpretation shall be final and binding upon all persons (including, but not limited to, Employees and their nominee(s) or legal heir(s)) having an interest in or affected by the HIL Scheme 2022 or such Option or PSU.
- 4.2 The Nomination, Remuneration and Compensation Committee shall, *inter alia*, formulate the detailed terms and conditions for due implementation of the HIL Scheme 2022 by the Trust, including but not limited to:
- (i) the quantum of Options and PSUs to be Granted to each Employee and in aggregate under the HIL Scheme 2022, subject to the ceiling as specified in **Clause 3.1**;
  - (ii) the conditions under which the Options and PSUs may Vest in Employees and may lapse including, in case of termination of employment misconduct;
  - (iii) the Exercise Period within which the Employee should Exercise the Options and PSUs and that the Options and PSUs would lapse on failure to Exercise within the relevant Exercise Period;
  - (iv) the specified time period within which the Employee shall Exercise the Vested Options and the Vested PSUs in the event of termination or resignation of an Employee;
  - (v) the right of an Employee to Exercise all the Vested Options and Vested PSUs at one time or at various points of time within the Exercise Period;
  - (vi) the procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options/PSUs and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, *inter alia*, be taken into consideration by the Nomination, Remuneration and Compensation Committee:
    - (a) the number and price of Options/ PSUs shall be adjusted in a manner such that total value to the Employee of the Options/ PSUs remains the same after the corporate action;
    - (b) the Vesting Period and the life of the Options/ PSUs shall be left unaltered as far as possible to protect the rights of the Employee(s) who is granted such Options/ PSUs.

- (vii) the Grant, Vesting and Exercise of Option and PSU in the case of Employees who are on long leave;
  - (viii) the procedure for funding the Exercise of Options or PSUs;
  - (ix) the procedure for buy-back of specified securities issued under SBEB & SE Regulations, if to be undertaken at any time by the Company, and the applicable terms and conditions, including: (a) permissible sources of financing for buy-back; (b) any minimum financial thresholds to be maintained by the Company as per its last financial statements; and (c) limits upon quantum of specified securities that the Company may buy-back in a financial year; and
  - (x) finalize, approve and authorize executives of the Company to execute various agreements, deeds, writings, confirmations, undertakings, indemnities or other documents, as may be necessary, with any party including legal advisors, accountants, share transfer agents, depositories, custodians, trustees, bankers and/or others for the purposes of the HIL Scheme 2022 and accept modifications, changes and amendments to any such documents/ agreements.
- 4.3 The Nomination, Remuneration and Compensation Committee shall frame suitable policies and systems to ensure that there is no violation of Applicable Law, including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the SBEB & SE Regulations, and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003 and such other applicable regulation (s) as may be introduced from time to time.
- 4.4 The number of members of the Nomination, Remuneration and Compensation Committee and their powers and functions can be specified, varied, altered or modified from time to time by the Board of Directors of the Company, subject to Applicable Law.
- 4.5 No member of the Nomination, Remuneration and Compensation Committee shall be personally liable for any decision or action taken in good faith with respect to the HIL Scheme 2022.
- 4.6 The Nomination, Remuneration and Compensation Committee may formulate various sets of special terms and conditions under the HIL Scheme 2022 to apply to an Employee (or his nominee/legal heir, as the case may be). Each of such sets of special terms and conditions under this HIL Scheme 2022 shall be restricted in their application to such Employee (or his respective nominees/ legal heirs). The Nomination, Remuneration and Compensation Committee may also formulate separate sets of special terms and conditions to apply to each class or category of Employees (or their respective nominees/legal heirs) and each of such sets of special terms and conditions shall be restricted in its application to such class or category of Employees (or their respective nominees/legal heirs).

- 4.7 The Nomination, Remuneration and Compensation Committee may appoint a third party/agency to administer the HIL Scheme 2022 and support employee communication, on its behalf.
- 4.8 It is clarified that in terms of the HIL Scheme 2022, upon Exercise of the Options and PSUs, the Grantees will purchase the Equity Shares of the Company from the Trust, upon payment of the Option Exercise Price and the PSU Exercise Price, as the case may be.
- 4.9 The Company or the Trustees can fund or permit the empaneled stock brokers to make suitable arrangements to fund the Grantee for payment of Exercise Price, the amount necessary to meet his/her tax obligations and other related expenses pursuant to Exercise of Options or PSUs Granted under the HIL Scheme 2022 and such amount shall be adjusted against the sale proceeds of the Shares of such Grantee.
- 4.10 The Trust may undertake secondary acquisition, subject to necessary approvals in accordance with Applicable Laws. The total number of Shares acquired pursuant to a secondary acquisition shall at no time exceed the prescribed threshold applicable in a financial year. The Trust shall hold the Shares acquired by way of a secondary acquisition for the minimum holding period prescribed under the SBEB & SE Regulations, except wherein transfer is undertaken in accordance with the Applicable Law. The Trust while implementing the HIL Scheme 2022 shall ensure compliance with the SBEB & SE Regulations in relation to the Trust.

## **5. Eligibility, Applicability and Grant**

- 5.1 Only Employees are eligible for being Granted Options and PSUs under the HIL Scheme 2022. The specific Employees to whom the Options and PSUs would be Granted and the Eligibility Criteria (including but not limited to performance, merit, grade, conduct and length of service of the Employee) would be determined by the Nomination, Remuneration and Compensation Committee, in its absolute discretion, subject to Applicable Law.
- 5.2 The HIL Scheme 2022 shall be applicable to the Company and its Group company including Subsidiary Companies or Associate Company in India and abroad, its Holding Company, and any successor company thereof and Options and PSUs may be Granted to the Employees, as determined by the Nomination, Remuneration and Compensation Committee at its sole discretion.
- 5.3 The Nomination, Remuneration and Compensation Committee may, on such dates as it shall determine, Grant to such Employees as it may in its absolute discretion select, Options and/or PSUs on the terms and conditions and for the consideration as it may decide, subject to compliance with Applicable Law. The Employee identified for Grant of Options and PSUs shall be furnished with: (i) the Letter of Grant; (ii) the disclosures prescribed under Applicable Law including the salient features of the HIL Scheme 2022; (iii) the ESOS Code of Conduct; (iv) nomination form (for appointment of a nominee) and such other documents as may be prescribed by the Nomination, Remuneration and Compensation Committee and Applicable Law.

The acceptance of Grant shall be deemed to be automatic by the Employee, and no formal acceptance shall be required to be made by the Employee in this regard.

- 5.4 The appraisal process for determining the Eligibility Criteria of the Employees will be specified by the Nomination, Remuneration and Compensation Committee, and will be based on criteria such as role/level of the Employee, past performance record, future potential of the Employee, balance number of years of service until normal Retirement age and/or such other criteria that may be determined by the Nomination, Remuneration and Compensation Committee at its sole discretion.
- 5.5 The Nomination, Remuneration and Compensation Committee may, at its discretion, extend the benefits under the HIL Scheme 2022 to the employees of the companies forming part of the Group, in accordance with the provisions of Applicable Law.

## **6. Vesting Schedule and Conditions**

- 6.1 The Options and PSUs Granted under HIL Scheme 2022 would Vest not earlier than 1 (one) year from the Grant Date in accordance with Applicable Law, unless otherwise specified therein and not later than such Vesting Period as set forth in **Clause 6.2** below or such other period or manner as may be determined by the Nomination, Remuneration and Compensation Committee from time to time.

Provided that in case where Options or PSUs are granted by the Company under this HIL Scheme 2022 in lieu of options held by a person under an employee stock option scheme in another company which has merged or amalgamated with the Company, the period during which the options granted by the transferor company were held by the person shall be adjusted against the minimum Vesting Period set out above.

Notwithstanding anything contained hereinabove, Vesting of Options and PSUs shall be subject to, amongst other things, the conditions that:

- (i) a minimum of 1 (one) year has completed from Grant Date except in case of death or Permanent Incapacity of the Grantee, in which case the Options, or PSU, as the case may be, shall vest immediately, and
- (ii) the Grantee is (a) in continuous employment with the Company (or its Holding Company or Subsidiary Company or any other Group company including an Associate Company); (b) is not serving any notice of resignation/ termination on the date of such Vesting. Provided that the vesting condition set out in (b) above shall not apply in case the Grantee is serving any notice of resignation/ termination on the date of such Vesting due to: (a) Permanent Incapacity suffered by the Grantee (see **Clause 7.7**); (b) retirement (see **Clause 7.8**); or (c) transfer or deputation to a Group company, including Holding Company, Subsidiary Company, or an Associate Company (see **Clause 7.12**).; and (iii) is not subject to any pending disciplinary proceeding.

In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain Performance Parameters subject to which the Options

would Vest. The specific Vesting schedule and conditions, if any, subject to which Vesting would take place would be outlined either in the Letter of Grant given to the Grantee at the time of the Grant of Options. Further, vesting of PSUs shall be subject to certain Performance Parameters as may be determined by the Nomination, Remuneration and Compensation Committee, on the achievement of which the granted PSUs would Vest and which may be specified in the Letter of Grant given to the Grantee at the time of the Grant of PSUs.

## 6.2 **Vesting Period:**

- (i) Vesting Period for Options: The Options Granted under the HIL Scheme 2022 shall Vest not earlier than 1 (one) year in one or more tranche and not later than 4 (four) years, subject to compliance with the minimum Vesting Period of 1 (one) year from the Grant Date, in the manner set out in the Letter of Grant to be issued by the Company to the Grantees. Notwithstanding anything contained hereinabove, in case of death or Permanent Incapacity of a Grantee, the minimum Vesting Period of one year shall not apply.
- (ii) Vesting Period for PSUs: The PSUs Granted under the HIL Scheme 2022 shall Vest not earlier than 1 (one) year and not later than [4 (four)] years, subject to compliance with the minimum Vesting Period of 1 (one) year from the Grant Date, in the manner set out in the Letter of Grant, to be issued by the Company to the Grantees. Notwithstanding anything contained hereinabove, in case of death or Permanent Incapacity of a Grantee, the minimum Vesting Period of one year shall not apply.

6.3 Notwithstanding anything contained herein, the Nomination, Remuneration and Compensation Committee may, subject to Applicable Law, (i) subject to compliance with the minimum Vesting Period of 1 (one) year, accelerate the Vesting of the Options or the PSUs granted, as applicable, in case of exceptional performance of an Employee or class of Employees or such other exceptional circumstances as may be decided by the Nomination, Remuneration and Compensation Committee; or (ii) not Vest any of the Options and PSUs already Granted; or (iii) Vest such lesser number of Options and PSUs than as already Granted; or (iv) modify the Vesting schedule in respect of the Options and PSUs already Granted, as applicable, in the event it is found that (a) the Grantee has not satisfied any Vesting Condition; or (b) the Grantee has not met the Performance Parameters; or (c) has not performed up to the expectations; or (d) has not been regularly attending the office for a substantial period of time without any valid reason or authority; or (e) has been put on a modified employment arrangement such as part-time working, reassignment to lower accountability, sabbatical, leave without pay; or (f) is found to be guilty of fraud or misconduct; or (g) has violated the Company Policies/Terms of Employment or the ESOS Code of Conduct; or (h) on account of such other circumstances as the Nomination, Remuneration and Compensation Committee may in its absolute discretion decide, subject to Applicable Law.



## 7. Exercise

### 7.1 Exercise Price:

- (i) Option Exercise Price: The Option Exercise Price shall be the Market Price of the Shares (with the relevant date being the date of the Grant of Options), or as may be determined by the Nomination, Remuneration and Compensation Committee, provided that the Exercise Price per Option shall not be less than the face value of the Shares as on the date of Grant of Options.
- (ii) PSU Exercise Price: The PSU Exercise Price shall be the face value of the Shares, or as may be determined by the Nomination, Remuneration and Compensation Committee, provided that the Exercise Price per PSU shall not be less than the face value of the Shares as on the date of Grant of PSUs.

The Exercise Price, as determined by the Nomination, Remuneration and Compensation Committee will be appropriately specified in the relevant Letter of Grant given to the Grantee at the time of the Grant of Options and/or PSUs. Provided that the Option Exercise Price and the PSU Exercise Price shall be in compliance with the accounting standards specified under the SBEB & SE Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.

- 7.2 **Exercise Period**: The Options and PSUs Granted to a Grantee shall be capable of being Exercised within a maximum period of 5 (five) years from the date of Vesting of the respective Options and PSUs or such other period as may be determined (and communicated to the Grantee) by the Nomination, Remuneration and Compensation Committee from time to time subject to Applicable Laws.

During the Exercise Period relating to each Vesting, the Vested Options and the Vested PSUs can be exercised in one or more tranches as determined by the Nomination, Remuneration and Compensation Committee.

- 7.3 **Exercise Application**: The Grantee may, at any time during the Exercise Period, and subject to fulfillment of conditions of the Grant and Vesting, as applicable, Exercise the Options and/or PSUs (as the case may be) by submitting the Exercise Application to the Company or the Trust, as the case may be, for purchase of Equity Shares pursuant to the Vested Options and/or Vested PSUs, accompanied with the:

- (i) payment of an amount equivalent to the Exercise Price, as the case may be, in respect of such Equity Shares; and
- (ii) such other documentation as the Nomination, Remuneration and Compensation Committee may specify to confirm extinguishment of the rights comprising in the Options and/or the PSUs then Exercised, subject to Applicable Law.

The Exercise Application shall be in such form as may be prescribed in this regard by the Nomination, Remuneration and Compensation Committee and the

Nomination, Remuneration and Compensation Committee may determine the procedure for such Exercise from time to time.

- 7.4 As soon as practicable on receipt of the Exercise Application and the Exercise Price in the manner provided in the Letter of Grant, the Trust, shall make the necessary arrangement for transfer of Shares to the Grantee.
- 7.5 Each Option and each PSU would entitle the Grantee, on Exercise, to acquire 1 (One) Share (or such other number as adjusted for any change in capital structure of the Company and other corporate action, as the case may be, in terms of **Clause 3.3** of this HIL Scheme 2022 or otherwise as adjusted from time to time, as may be determined by the Nomination, Remuneration and Compensation Committee pursuant to the provisions of the HIL Scheme 2022). Provided that, in the event of Exercise of Options and PSUs resulting in fractional Equity Shares, the Nomination, Remuneration and Compensation Committee shall be entitled to round off the number of Equity Shares to be transferred to the Grantee to the nearest whole number, and the Exercise Price shall be accordingly adjusted. All Equity Shares transferred to the Grantee consequent to Exercise of Options and PSUs shall rank *pari passu* with the then existing Equity Shares.
- 7.6 **In case of death:** In the event of the death of a Grantee while in employment with the Company, all the Unvested Options and PSUs Granted to him shall Vest in his nominee(s)/legal heir(s)/successor(s) immediately on the date of death of the Grantee. All the Options and PSUs (including those which Vest upon the death of the Grantee) shall be Exercised by the nominee(s)/legal heir(s)/successor(s) of the Grantee within 3 (three) years from the date of death of the Grantee (subject to the last date of Exercise not exceeding five years from the date of each Vesting of Options and PSUs, as the case may be), failing which, these shall lapse. The mode of nominating any person as a nominee would be prescribed by the Nomination, Remuneration and Compensation Committee. In case of the death of any Grantee who has not nominated any person(s), the Options and PSUs Granted shall be Exercisable by the legal heir(s) / successor(s) of such Grantee, provided however that the legal heir(s) / successor(s) shall be required to produce/furnish to the Company all such documents / indemnities as may be required by the Company to prove the succession to the assets of the deceased Grantee. In case the proof of succession is not produced to the Company within 6 (six) months from the date of death of the Grantee or such further time as the Nomination, Remuneration and Compensation Committee may permit in its absolute discretion, the Options and the PSUs shall lapse and shall be available for Grant by the Nomination, Remuneration and Compensation Committee to any other Employee(s) as it may deem fit in its absolute discretion. Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options and PSUs Granted, in case of death of the Grantee.
- 7.7 **In case of Permanent Incapacity:** In the event of separation of a Grantee due to reasons of Permanent Incapacity while in employment, all the Unvested Options and RSUs Granted to him shall Vest in him immediately on the date of such Permanent Incapacity. All the Options and PSUs (including those which Vest upon the Permanent Incapacity of the Grantee) shall be Exercised by him within 3 (three) years from the date of separation on account of such Permanent Incapacity (subject to the last date of Exercise not exceeding 5 (five) years from the date of each Vesting

of Options and PSUs, as the case may be), failing which these shall lapse. In the event of death of the Grantee after such separation, the nominee(s)/legal heir(s)/successor(s) of such Grantee will be allowed to Exercise all Options and PSUs (including those which Vest upon the Permanent Incapacity of the Grantee), within 3 (three) years from the date of separation of the Grantee on account of such Permanent Incapacity (subject to the last date of Exercise not exceeding 5 (five) years from the date of each Vesting of Options and PSUs, as the case may be), failing which these shall lapse. Further, the Company shall formulate appropriate policy in accordance with Applicable Laws, as regards the Options and PSUs Granted, in case of Permanent Incapacity of the Grantee.

**7.8 In case of Retirement or Superannuation:** Subject to **Clause 6.2** above and Applicable Law, in the event of separation from employment for reasons of normal Retirement or a Retirement or superannuation specifically approved by the Company:

- (i) The Unvested Options will vest in accordance with on the due dates as per applicable Vesting schedule outlined in the Letter of Grant, subject to the discretion of the Nomination, Remuneration and Compensation Committee.
- (ii) The Unvested PSUs will Vest on the due dates as per the applicable Vesting schedule outlined in the Letter of Grant, subject to the discretion of the Nomination, Remuneration and Compensation Committee.

After the date of Retirement or superannuation, all Vested Options and Vested PSUs shall be exercisable by the Grantee (or by the nominee(s)/ legal heir(s)/ successor(s) of the Grantee as the case may be, upon the death of the Grantee) within 3 (three) years from the date of Retirement or superannuation, subject to the last date of Exercise not exceeding 5 (five) years from the date of each Vesting of the Options and the PSUs, as the case may be and if there any Unvested Options on such date, then such Unvested Options shall lapse.

**7.9 Treatment of Options and PSUs held by Good Leavers:**

- (i) In the event of termination of employment, the Board or the Company, through its authorized officer, will determine if the Employee is a Good Leaver and such decision shall be final and binding on all concerned.
- (ii) In the event of termination of employment as a Good Leaver, the Nomination, Remuneration and Compensation Committee may, in its sole discretion, accelerate the Vesting of the Unvested Options and Unvested PSUs held by the Good Leaver, subject to compliance with the minimum Vesting Period of 1 (one) year and shall vest on the last date of the employment (the “**Acceleration**”). Such accelerated Vested Options and Vested PSUs shall be exercisable within the period set out in the Vesting letter to be issued in this regard, subject to Applicable Law (the “**Accelerated Vesting Letter**”). The Equity Shares resulting from the exercise of the accelerated Vested Options or Vested PSUs may be subject to a Lock-in Period of 1 (one) year from the date of allotment or transfer, as applicable, if so specified in the Accelerated Vesting Letter. In the event the Nomination, Remuneration and Compensation Committee does not grant

Acceleration, all Unvested Options and Unvested PSUs (including the ones in respect of which the minimum Vesting Period has not been met), shall expire and stand cancelled with effect from the date of submission of the termination/ resignation notice. However, all Vested Options and Vested PSUs as on the date of submission of the termination/ resignation notice shall be exercisable by the Good Leaver within the period specified in the relevant Letter of Grant.

**7.10 In case of breach of Company Policies or Terms of Employment and other matters:** In the event of termination of the employment of a Grantee due to breach of Company Policies/Terms of Employment, all Options and PSUs Granted to such Grantee, including the Vested Options and Vested PSUs which were not Exercised prior to such breach, shall stand terminated with immediate effect. The date of such breach shall be determined by the Nomination, Remuneration and Compensation Committee, and its decision on this issue shall be final and binding on all concerned. Further, the Options and PSUs Granted but not Vested and the Vested Options and Vested PSUs which are not Exercised in case of a Grantee who has been suspended from the services of the Company 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 fraud, misconduct, violation of the Company Policies/Terms of Employment or codes of the Company or for having committed or abetted any illegal or unlawful activity may, on the recommendation of the management, be suspended or kept in abeyance or cancelled at the sole discretion of the Nomination, Remuneration and Compensation Committee. In the case of Options and PSUs that have been suspended or kept in abeyance, the same may be permitted to Vest in the concerned Grantee on such additional terms and conditions, as may be imposed by the Nomination, Remuneration and Compensation Committee in its absolute discretion. Cancelled Options and PSUs, if any, shall be treated as lapsed Options and PSUs respectively and shall be available for Grant, as provided under **Clause 3.4**.

**7.11 In case of cessation of employment:** In the event cessation of employment, including on account of resignation by the Grantee, that is not covered within the scope of **Clauses 7.5, 7.6, 7.7, 7.8**, and all Unvested Options and Unvested PSUs (including the ones in respect of which the minimum Vesting Period has not been met), shall expire and stand cancelled with effect from date of submission of the termination/ resignation notice. However, all Vested Options and Vested PSUs as on such date shall, at the discretion of the Nomination, Remuneration and Compensation Committee, be exercisable by the Grantee within the period specified in the relevant Letter of Grant.

**7.12** In the event a Grantee is transferred or deputed by the Company to a Group company, including an Associate Company, the Options and PSUs granted to such Grantee shall Vest or be Exercised as per the terms of Grant under the HIL Scheme 2022 and as specified in the Letter of Grant, even after such transfer or deputation.

All the provisions of **Clause 7.4, 7.5, 7.6, 7.7, 7.8, 7.9 and 7.10** of this HIL Scheme 2022 shall apply mutatis mutandis to this **Clause 7.11**.

## 8. Other Terms and Conditions

- 8.1 Nothing herein is intended to or shall give the Grantee any right or status of any kind as a shareholder of the Company (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Equity Shares covered by the Grant unless the Grantee Exercises the Options and/or the PSUs (as the case may be) and becomes a registered holder of the Equity Shares.
- 8.2 The Options and the PSUs shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated or encumbered in any manner whatsoever. The Company shall not recognise any transfer, pledge, hypothecation, mortgage or other alienation or encumbrance undertaken in violation of this condition.
- 8.3 If the Company issues bonus or rights shares or any other securities to the then existing shareholders of the Company, the Grantee will not be eligible for the same in the capacity of a Grantee. However, an adjustment to the number of Options and PSUs or the relevant exercise price or both would be made in accordance with **Clause 3.3** of the HIL Scheme 2022 and Applicable Law.
- 8.4 In the event of any change in the constitution of the Company namely change of control of the Company, re-structuring of the Company, including but not limited to, merger, de-merger, spinoff, reverse merger, subsidiarisation etc. or amalgamation of any other entity with the Company, outside the Aditya Birla group of companies, the Nomination, Remuneration and Compensation Committee would have the authority to alter all or any of the terms relating to the Grant or the HIL Scheme 2022 in general and would also have the authority to do all such acts, deeds, matters and things as it may deem fit in its absolute discretion in the best interests of the Employees and as permitted under Applicable Law, so as to ensure that “fair” and equitable benefits under the Grant are passed on to the Grantees. The Nomination, Remuneration and Compensation Committee shall take appropriate actions, in accordance with Applicable Law, to endeavour that the total value of the Options and PSUs remains the same after the aforesaid corporate actions and in this regard shall if necessary, arrange issuance of fresh Options/PSUs/ shares of the Subsidiary Companies of the Company and/or resultant entities emerging due to such corporate actions.
- 8.5 Options and PSUs shall not be transferable or assignable to any person except in the event of death of the Grantee, in accordance with **Clause 7.5** and **Clause 7.6** of this HIL Scheme 2022.
- 8.6 No person other than the Grantee to whom the Option and PSU are granted shall be entitled to Exercise the Option and the PSUs (as the case may be) except in the event of the death or Permanent Incapacity of the Grantee.
- 8.7 Notwithstanding anything contained elsewhere in the HIL Scheme 2022, the Company or the Board or the Nomination, Remuneration and Compensation Committee will not be obliged to transfer any Equity Shares upon Exercise of the Options and PSUs or otherwise unless the transfer and delivery of such Equity Shares complies, in the judgment of the Company, with all the relevant provisions of Applicable Law including but not limited to, any applicable securities laws and the requirements of any Recognized Stock Exchange(s). In such event, the

Company shall not be liable to pay any compensation or similar payment to any Employee for any loss suffered due to such refusal/ deferral to permit Exercise.

- 8.8 The Shares transferred pursuant to any Exercise of Options or PSUs, along with other Equity Shares issued by the Company, subject to Applicable Law and procedure, shall be subject to an approved scheme of buy-back by the Company and Applicable Law.
- 8.9 An Employee may surrender his Options and/or PSUs (Vested and un-Exercised and Unvested) at any time during his employment with the Company till the HIL Scheme 2022 remains in effect. Any Employee willing to surrender his Options and/or PSUs shall communicate the same, in writing, to the Nomination, Remuneration and Compensation Committee. Thereafter the surrendered Options and PSUs shall lapse or expire with effect from the date of surrender and the underlying Shares shall become available for future Grant in the form of Options and/or PSUs as provided under **Clause 3.4**.

## **9. Transferability of Equity Shares**

Options or PSUs Granted under this HIL Scheme 2022 to an Employee shall not be transferable to any person. However, there will be no restriction on transferability of the Equity Shares, which may be transferred by the Trust to the Grantee upon Exercise of the Options and PSUs Granted pursuant to this HIL Scheme 2022, unless otherwise specified. However, Employees are required to always adhere to Applicable Law, Company Policies/Term of Employment and the ESOS Code of Conduct while dealing in the Equity Shares or exercising any rights there under. In particular, each Employee shall ensure that there is no violation of the provisions of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, (b) the Company's share dealing policies and codes or (c) other applicable restrictions for prevention of fraudulent and/or unfair trade practices relating to the securities market.

## **10. Lock-in Period**

Other than as set out in **Clause 7.8(ii)** above, there will be no Lock-In Period in respect of the Equity Shares, which may be transferred upon Exercise of the Options and PSUs Granted pursuant to this HIL Scheme 2022.

## **11. Tax Liability**

The liability of paying tax, if any, on the Options and PSUs granted and exercised pursuant to the HIL Scheme 2022 and the Equity Shares transferred by the Trust to the Grantee pursuant to Exercise of Options and PSUs shall be entirely on the Grantee (his nominee(s)/ legal heir(s)/ successor(s) as the case may be) and shall be in accordance with the provisions of Income Tax Act, 1961 (or any re-enactment thereof) and/or the rules framed there under and if such Grantee (his nominee(s)/ legal heir(s)/ successor(s) as the case may be) is resident in a territory outside India, it shall also be in accordance with tax laws applicable to such territory. In the event of any amendments or modifications to the provisions of the Income Tax Act, 1961 (or any re-enactment thereof) and/or the rules framed there under, as existing on the date of this HIL Scheme 2022, the Nomination, Remuneration and Compensation

Committee, subject to Applicable Laws, shall have the power to amend or modify this HIL Scheme 2022, without the consent of the Employees or the shareholders, as the case may be, in order to ensure that the Company is in the same position as it would have been had the amendments or modifications in the Income Tax Act, 1961 (or any re-enactment thereof) and/or the rules framed there under not been made.

## **12. Tax Deduction at Source**

The Company shall have the right to deduct from the salary of the Grantee or receive from the Grantee (his nominee(s)/ legal heir(s)/ successor(s) as the case may be) any of the tax obligations, as stated in **Clause 11** above, arising in connection with the Option or PSU or the Equity Shares acquired upon the Exercise thereof. The Company shall have no obligation to deliver the Equity Shares upon Exercise of the Options or PSUs, as the case may be, until the Company's tax deduction obligations, if any, have been satisfied by the Grantee.

## **13. Authority to vary terms**

13.1 Subject to Applicable Law, the Nomination, Remuneration and Compensation Committee will at its absolute discretion have the right to modify/amend the HIL Scheme 2022 in such manner and at such time or times as it may deem fit, subject however that any such modification/amendment shall not be detrimental to the interest of the Grantees and approval wherever required for any modification/amendment is obtained from the shareholders of the Company in terms of Applicable Law.

13.2 The Nomination, Remuneration and Compensation Committee may re-price the Options, which are not exercised, if such Options are rendered unattractive due to fall in the share price of the Company in the stock market. Provided that the Nomination, Remuneration and Compensation Committee shall ensure that such re-pricing shall not be detrimental to the interest of the Grantees and such re-pricing is in terms of and in compliance with Applicable Law.

13.3 The Nomination, Remuneration and Compensation Committee may revise any of the terms of the HIL Scheme 2022 to meet any regulatory requirement without seeking shareholders' approval.

## **14. Miscellaneous**

### **14.1 Regulations**

This HIL Scheme 2022 shall be subject to Applicable Law and any approvals from the governmental authorities, as applicable.

### **14.2 Inability to obtain approval**

The inability of the Company to obtain approval from any regulatory body having jurisdiction over the Company, or under Applicable Law, for the lawful transfer and sale (to the extent permitted by law) of any Equity Shares hereunder shall relieve

and wholly discharge the Company of any and all liability in respect of the failure to transfer or sell (to the extent permitted by law) such Equity Shares.

- 14.3 The Grant of an Option or PSU does not form part of the Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Company give such person any right or entitlement to have an Option or PSU Granted to him in respect of any number of Equity Shares or any expectation that an Option or PSU might be Granted to him whether subject to any condition or at all.
- 14.4 Neither the existence of this HIL Scheme 2022 nor the fact that an individual has on any occasion been Granted an Option or PSU 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 HIL Scheme 2022 by being Granted an Option or PSU on any other occasion.
- 14.5 The rights granted to a Grantee upon the Grant of an Option or PSU shall not afford the Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).
- 14.6 The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to Exercise an Option or PSU in whole or in part.
- 14.7 Nothing contained in the HIL Scheme 2022 or in any Grant made hereunder shall:
- (i) confer upon any Employee any right with respect to continuation of employment or engagement with the Company; or
  - (ii) interfere in any way with the right of the Company to terminate employment or services of any Employee at any time.
- 14.8 Neither the adoption of the HIL Scheme 2022 nor any action of the Nomination, Remuneration and Compensation Committee shall be deemed to give an Employee any right to be Granted any Option or PSU to acquire Shares or to any other rights except as may be evidenced by a Letter of Grant.
- 14.9 Participation in this HIL Scheme 2022 shall not be construed as any guarantee of return on any investment. Any loss due to fluctuations in the Market Price of the Shares and the risks associated with the investments is that of the Employee alone. The Company shall not in any way be responsible for the loss, if any, that may arise as a result of any fluctuation in the Market Price of the equity shares of the Company.

## **15. Confidentiality**

Employees shall keep the details of the Options and PSUs Granted to them strictly confidential and shall not share with, or disclose the said details to, any other person. In case of non-adherence of the provisions of this Clause, the Nomination,



Remuneration and Compensation Committee will have the authority to deal with such cases as it may deem fit in its absolute discretion. Any decision as may be taken by the Nomination, Remuneration and Compensation Committee in this regard will be final and binding on all concerned.

**16. Method used for Valuation of Options and PSUs**

The Company shall value the Options and the PSUs as per Applicable Law and will make the necessary disclosures as may be required in this regard under Applicable Law.

**17. Conformance to the Accounting Policies**

The Company shall conform to the accounting policies prescribed under the SBEB & SE Regulations and as required under Applicable Law from time to time.

**18. Disclosures**

The Company shall make the requisite disclosures as required under Applicable Law, including the Companies Act, SBEB & SE Regulations and SEBI Listing Regulations.

**19. No Restriction on Corporate Action**

The existence of the HIL Scheme 2022 and any Grant made hereunder shall not in any way affect the right or the power of the Board or the shareholders 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 of the Company or the rights thereof or from making 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 the HIL Scheme 2022 or any Grant made under the HIL Scheme 2022. No Employee or other person shall have any claim against the Company as a result of such action.

**20. No Prohibition on New Schemes**

Nothing contained in the HIL Scheme 2022 shall be construed to prevent the Company from implementing any other new scheme, in accordance with Applicable Laws, for granting stock options (by way of Options or PSUs) and/or share purchase rights, which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have any adverse impact on the HIL Scheme 2022 or any Grant made under the HIL Scheme 2022. No Employee or other person shall have any claim against the Company as a result of such action.

**21. Notices**

All notices or communication required to be given by the Company to a Grantee by virtue of this HIL Scheme 2022 shall be in writing and shall be sent to the address of the Grantee available in the records of the Company and any communication to be given by a Grantee to the Company in respect of this HIL Scheme 2022 shall be sent, in writing, at the address mentioned below:

Ahura Centre, 1<sup>st</sup> Floor, B Wing, Mahakali Caves Road, Andheri (East) Mumbai-400093

**22. Severability**

In the event that any term, condition or provision of this HIL Scheme 2022 is held to be a violation of or contrary to Applicable Law, the same shall be severable from the rest of this HIL Scheme 2022 and shall have no force and effect and this HIL Scheme 2022 shall remain in full force and effect as if such term, condition or provision had not originally been contained in this HIL Scheme 2022. In the event of any inconsistency between any of the provisions of this HIL Scheme 2022 and the Applicable Law, the provisions as under the Applicable Law shall prevail.

**23. Arbitration**

All disputes arising out of or in connection with this HIL Scheme 2022 or the Grant, Vesting or Exercise shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Nomination, Remuneration and Compensation Committee with the consent of the Grantee. The arbitration proceedings shall be in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The place of Arbitration shall be Mumbai, India and the proceedings shall be conducted in English.

**24. Governing Law**

The terms and conditions of the HIL Scheme 2022 shall be governed by and construed in accordance with the laws of India. Subject to Clause 23 the Courts in Mumbai shall have the exclusive jurisdiction to settle any dispute.