

Aditya Birla Capital Limited (ABCL) (Formerly Aditya Birla Financial Services Limited)

ABCL Incentive Scheme for Stock Options and Restricted Stock Units - 2017

For ADITYA BIRLA CAPITAL LIMITED (Formerly known as Aditya Birla Financial Services Limited)

Sailesh Daga Company Secretary FCS 4164

Table of Contents

1.	Name, Objective and Term of the Incentive Scheme	1
2.	Definitions and Interpretation	3
3.	Authority and Ceiling	9
4.	Administration	.12
5.	Eligibility, Applicability and Grant	.15
6.	Vesting Schedule and Conditions	.16
7.	Exercise	.17
8.	Other Terms and Conditions	.23
9.	Transferability of Equity Shares	.24
10.	Lock-in Period	.24
11.	Tax Liability	.25
12.	Tax Deduction at Source	.25
13.	Authority to vary terms	.25
14.	Miscellaneous	.26
15.	Confidentiality	.27
16.	Method used for Valuation of Options and RSUs	.27
17.	Listing of the Equity Shares	.27
18.	Conformance to the Accounting Policies	.27
19.	No Restriction on Corporate Action	.28
20.	New Schemes	.28
21.	Notices	.28
22.	Severability	.28
23.	Arbitration	.29
24	Governing Law	.29



Surage

ABCL Incentive Scheme for Stock Options and Restricted Stock Units 2017

- 1. Name, Objective and Term of the ABCL Incentive Scheme for Stock Options and Restricted Stock Units 2017
- 1.1. This employee stock option scheme, established by Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited and referred to as "ABCL"), shall be hereinafter referred to as the "ABCL Incentive Scheme", which expression shall include any alterations, amendments or modifications hereto from time to time.
- 1.2. This ABCL Incentive Scheme is established pursuant to the Composite Scheme of Arrangement (as defined hereinafter), as discussed below, and is over and above Aditya Birla Capital Limited Employee Stock Option Scheme 2017, which was established pursuant to requisite corporate approvals.

Background

- 1.2 The Composite Scheme of Arrangement between Aditya Birla Nuvo Limited (ABNL) and Grasim Industries Limited (Grasim) and Aditya Birla Capital Limited (ABCL) ("the **Composite Scheme of Arrangement**") was sanctioned by the National Company Law Tribunal (NCLT), Bench at Ahmedabad, by its Order dated 1st June, 2017.
- 1.3 The Composite Scheme of Arrangement is divided into the following parts:-
- (a) Part I: This deals with definitions and interpretations, and sets out the share capital of the Transferor Company (ABNL), the Transferee Company/ Demerged Company (Grasim) and the Resulting Company (ABCL):
- (b) Part II: This deals with the amalgamation of the Transferor Company (ABNL) with the Transferee Company (Grasim);
- (c) Part III: This deals with the demerger of the Demerged Undertaking (being Grasim's financial services business as defined in the Composite Scheme of Arrangement) from the Demerged Company (Grasim) as a going concern and transfer to and vesting into the Resulting Company (ABCL); and
- (d) Part IV: This deals with the general terms and conditions applicable to the Composite Scheme of Arrangement.

Part III of the Composite Scheme of Arrangement came into effect on 4th July, 2017. Further, pursuant to the Composite Scheme of Arrangement the list of shareholders of Grasim and ABCL were determined on 20th July, 2017 being the record date.

Page 1 of 29

- 1.4 On account of reduction in intrinsic value of Grasim pursuant to the demerger, Part III of the Composite Scheme of Arrangement stipulated that the Boards of Grasim and ABCL "shall together decide the manner in which difference in the intrinsic value created pursuant to the demerger of the Demerged Undertaking (i.e. the financial services business) is to be compensated to the Grasim Existing Option holders. It is clarified that such compensation can be either by issue of new options, restricted stock units and/or stock appreciation rights by the Demerged Company (i.e. Grasim) to the Grasim Existing Option holders or by the Resulting Company (i.e. ABCL) by adopting a new incentive plan ("ABCL Incentive Scheme")".
- 1.5 Further, as per Clause 18.5 of the Composite Scheme of Arrangement:

"The adjustments to the Grasim Stock Option Plan - New and / or Grasim ESOPs, and the creation of the ABFS Incentive Scheme. allotment of options, restricted stock units and/or stock appreciation rights under the ABFS Incentive Scheme, shall be effected as an integral part of the Scheme and the consent of the shareholders of the Parties to the Scheme is deemed to be their consent in relation to all matters pertaining to the Grasim Stock Option Plan - New and / or Grasim ESOPs, and the creation of the ABFS Incentive Scheme, including without limitation, for the purposes of creating the ABFS Incentive Scheme, modifying the Grasim Stock Option Plan - New and / or Grasim ESOPs. modifying the exercise price of the Grasim Existing Options and all related matters, and no further approval of the shareholders of the Parties shall be required in this connection under any Applicable Law, including, without limitation, Section 62 of the Companies Act, 2013 or the Companies (Share Capital and Debenture) Rules, 2014."

- In view of the above, and in order to provide for reduction in intrinsic value of the Demerged Company (Grasim), this ABCL Incentive Scheme has been formulated by the Nomination, Remuneration and Compensation Committee of the Board of Directors of the Company and approved by it at its Meeting held on 15th January, 2018, in terms of the approval for the formulation and implementation of the ABCL Incentive Scheme as accorded by the shareholders of the Company vide the Special Resolution passed at the NCLT convened meeting held on 10th April, 2017 and in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended (the "SEBI Regulations").
- The ABCL Incentive Scheme is established with effect from 15th January, 2018, and shall continue to be in force until (i) its termination by the Board (as defined hereafter) or (ii) the date on which all of the Options (as defined hereinafter) and the RSUs (as defined hereinafter) available for issuance under the ABCL Incentive Scheme have been issued 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-issue the said lapsed or cancelled Options or RSUs.

1.8 The Board may, subject to compliance with Applicable Law (as defined hereinafter), at any time alter, amend, suspend or terminate the ABCL Incentive Scheme.

2. Definitions and Interpretation

2.1. Definitions

- (i). "ABNL" means Aditya Birla Nuvo limited, a company incorporated under the under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat 362 266 since merged with Grasim Industries Limited pursuant to the Composite Scheme of Arrangement.
- (ii). "ABCL Incentive Scheme" or "Incentive Scheme" means this ABCL Incentive Scheme under which the Company is authorised to grant Options and RSUs to the eligible Grantees (as defined below), pursuant to the Composite Scheme of Arrangement.
- (iii). "Applicable Law" includes every law, rule, regulation or bye-law relating to employee stock options, including, without limitation, the Companies Act, 1956 (to the extent not replaced by the notified provisions of the Companies Act, 2013), the Companies Act, 2013, 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.
- (iv). "Associate Company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

Explanation: for the purposes of this **Clause**, "significant influence" shall have the same meaning assigned to it as Section 2 (6) of the Companies Act as amended from time to time.

- (v). "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 of the Company.
- (vi). "Companies Act" means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.



- (vii). "Company" means "ABCL" or Aditya Birla Capital Limited (formerly known as Aditya Birla Financial Services Limited), registered under Companies Act, 1956, having its registered office at Indian Rayon Compound, Veraval, Gujarat 362 266 and, where the context requires, its Holding Company.
- (viii). "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 provisions for securing confidentiality, non compete and non poaching of other employees and any other relevant Group human resources policies.
- (ix). "Director" means a member of the Board of the Company.
- (x). "Eligibility Criteria" means the criteria as may be determined from time to time by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim, and duly communicated to the Nomination, Remuneration and Compensation Committee of the Company for its consideration, for granting the Options or the RSUs of ABCL to the eligible Grantees pursuant to the Composite Scheme of Arrangement.
- (xi). "Employee" means, as on the date of grant of Options or RSUs, as applicable, the list of eligible grantees as provided by Grasim Industries Limited, which inter-alia may include (a) a permanent employee of the Company or a director of the Company (whole time director or otherwise, but not an independent director), or (b) a permanent employee of the holding company of the Company or director of the holding company (whole time director or otherwise, but not an independent director), or (c) such other grantees based on the list provided by Grasim pursuant to the Composite Scheme of Arrangement, but excludes: (a) an employee who is a promoter or person belonging to the promoter group and (b) a director who either by self or through relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding share capital of the Company.

For the purposes of this clause, 'holding company' shall mean Grasim.

(xii).

"ABCL Incentive Scheme Code of Conduct" means the Code of Conduct formulated by the Company for Grantees pursuant to the Composite Scheme of Arrangement covered under the ABCL Incentive Scheme.

MUMBAI E MUMBAI & MUM

"Exercise" of Options or RSUs means making of an application by a Grantee to the Company to subscribe to the Shares underlying the Vested Options or the Vested RSUs, as the case may be, in pursuance of the ABCL Incentive Scheme, in accordance with the

Subag

procedure laid down by the Company in this regard and vesting being subject to fulfillment of performance parameters laid down by the Nomination, Remuneration and Compensation Committee of the Company (which may in this regard consider such information that may be provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim).

- (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, as applicable, along with a cheque/demand draft payable at Mumbai in respect of the Option Exercise Price or the RSU Exercise Price (as the case may be) or such other documents as may be prescribed pursuant to the provisions of the ABCL Incentive Scheme, for Exercising the Vested Options or Vested RSUs (as the case may be). The payment towards Option Exercise Price and RSU 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 RSUs in terms of the ABCL Incentive Scheme.
- (xvi). "Exercise Price" means the price payable by a Grantee in order to Exercise the Vested Options or the Vested RSUs, as applicable, as determined by the Nomination, Remuneration and Compensation Committee. The terms Option Exercise Price and RSU Exercise Price shall be construed accordingly.
- (xvii). "Grant" means issue of Options and RSUs, as the case may be, to the Grantees under the ABCL Incentive Scheme.
- (xviii). "Grant Date" means the date on which the Options and the RSUs were/ are issued to a Grantee by the Board of Directors or the Nomination, Remuneration and Compensation Committee under the ABCL Incentive Scheme.
- (xix). "Grantee" means an Employee, as on the date of grant of Options (as hereinafter defined) or RSUs (as hereinafter defined), as applicable, who has been granted an Option (as hereinafter defined) or RSU (as hereinafter defined) in pursuance of Clause 18.1 to 18.5 of the Composite Scheme of Arrangement, being a 'Grasim Existing Option' holder (as defined under Clause 18 of Part III of the Composite Scheme of Arrangement) being holders of stock options and/or restricted stock units and/or stock appreciation rights (whether vested or not), as on record date i.e. 20th July 2017, under: (a) ABNL Employee Stock Option Scheme 2013 (shall stand cancelled and corresponding benefits shall be granted to them (per



MUMBAL

the exchange ratios set out therein) as stock options/ restricted stock units in Grasim Employee Benefit Schemes (b) Grasim's Employee Stock Option Scheme-2006 and(c) Grasim's Employee Stock Option Scheme-2013; implemented in terms of Clause 5.4 of the Composite Scheme of Arrangement (whereby employees of erstwhile ABNL were granted corresponding stock options, restricted stock units and/or stock appreciation rights of Grasim under Part II of the Scheme).

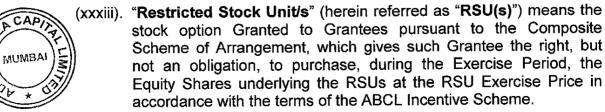
- (xx). "Grasim" means Grasim Industries Limited, a company incorporated under the Companies Act and having its registered office at Birlagram, Nagda 456331, Madhya Pradesh.
- (xxi). "Grasim Employee Benefit Schemes" means (a) Grasim's Employee Stock Option Scheme 2006; (b) Grasim's Employee Stock Option Scheme 2013; and (c) Benefits granted by Grasim corresponding to ABNL Employee Stock Option Scheme 2013 in terms of Part II of the Composite Scheme of Arrangement.
- (xxii). "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.
- (xxiii). "Holding Company" for the purposes of ABCL Incentive Scheme shall mean Grasim.
- (xxiv). "Letter of Grant" means the letter issued by the Company, whether in physical or electronic mode, intimating the Grantee, inter alia, of the Options and/or the RSUs Granted to him for acquiring a specified number of Shares at the Option Exercise Price and/or the RSU Exercise Price, as the case may be.
- (xxv). "Lock-in Period" means the period during which the Grantee 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.
- (xxvi). "Market Price" means the latest available closing price on the Recognised Stock Exchange (as hereinafter defined) on the date immediately prior to the relevant date. If the shares of the Company are listed on more than one 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 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 is given to the Company by the Grantee along with a cheque/ demand draft payable at Mumbai.
- (xxvii). "Nomination, Remuneration and Compensation Committee" means the Nomination, Remuneration and Compensation Committee constituted by the Board of Directors, in accordance with Applicable Law, to administer and authorise employee stock option schemes and incentive schemes of the Company.
- (xxviii). "Performance Parameters" means the performance metrics as laid down by the Nomination, Remuneration and Compensation Committee (which may in this regard consider such information that may be provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim), for the purposes of Grant and as determined, varied or altered by the Board from time to time and communicated to the Grantee. 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 on the achievement of which the granted Stock Options/ RSUs would vest and which may be specified in the respective grant letters or the vesting letters to be issued to the Option/ RSU grantee.
- (xxix). "Permanent Incapacity" means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps the Grantee from performing any specific job, work or task which the said Grantee 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.
- (xxx). "Promoter" shall have the meaning as assigned to the term under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI ICDR Regulations").
- (xxxi). "Promoter Group" shall have the meaning as assigned to the term under the SEBI ICDR Regulations as defined from time to time.
- (xxxii). "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 or are proposed to be listed.



Swag

- (xxxiv). "Retirement" means retirement of the Grantee as per the rules of the Company (or Grasim, as the case may be).
- (xxxv). "SEBI" means the Securities and Exchange Board of India.
- (xxxvi). "SEBI Act" means the Securities and Exchange Board of India Act, 1992, and includes all regulations and clarifications issued there under and as amended from time to time.
- (xxxvii). "SEBI Regulations" means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and includes all amendments, circulars, notifications and clarifications issued there under and as amended from time to time.
- (xxxviii). "**Secondment**" means the arrangement through which a Grantee is temporarily assigned to any other entity within the Group, for, amongst others, talent development and growth opportunities.
- (xxxix). "Stock Option(s)" (herein referred as "Option(s)") means the stock option granted to a Grantee pursuant to the Composite Scheme of Arrangement, which gives such Grantee 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 ABCL Incentive Scheme.
- (xl). "Shares/ Equity Shares" means equity shares of the Company of face value of INR 10 each arising out of the exercise of Options and RSUs vested under the ABCL Incentive Scheme.
- (xli). "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.
- (xlii). "Unvested RSU" means an RSU in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Grantee has not become eligible to Exercise the RSU.
- (xliii). "Vesting" means the process through which a Grantee becomes entitled to Exercise the Options or RSUs Granted to him in pursuance of the ABCL Incentive Scheme.
- (xliv). "Vesting Condition" means any condition that may be stipulated by the Nomination, Remuneration and Compensation Committee (which may in this regard consider such information that may be provided by the Board of Directors or a duly authorized committee of the board of directors of Grasim) for Vesting of Options or RSUs.
 - "Vesting Period" means the period during which the Vesting of the Options or RSUs, as the case may be, Granted to the Grantees takes place, in terms of the ABCL Incentive Scheme.



- (xlvi). "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.
- (xlvii). "Vested RSU" means an RSU in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the RSU.

Any term not defined above, but defined in the SEBI Regulations shall have the meaning assigned to it under the SEBI Regulations.

2.2. Interpretation

In this ABCL Incentive Scheme, 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 subclauses;
- (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 ABCL Incentive Scheme:
- (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, re-enacted 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 Scheme; and
- (x). the schedules and annexures hereto shall constitute an integral part of this ABCL Incentive Scheme.

3. Authority and Ceiling

3.1. The Nomination, Remuneration and Compensation Committee at its Meeting held on 15th January, 2018, has resolved to issue the Options and RSUs to the Grantees under the ABCL Incentive Scheme, Options and RSUs exercisable into not more than 1,718,237 (Seventeen Lakhs Eighteen Thousand Two Hundred Thirty Seven) Equity Shares, being 0.0781% of the fully diluted paid-up equity share capital of the Company (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 RSU, as the case may be, confers a right



suxaq-

upon the Grantee to apply for one Equity Share, in accordance with the terms and conditions of the ABCL Incentive Scheme. However, the aggregate number of Options and RSUs that may be granted to a single Grantee under the ABCL Incentive Scheme shall not exceed 0.5% 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).

The aggregate number of Options and RSUs that shall be Granted under the ABCL Incentive Scheme, shall not be exercisable into more than 0.0781% of the overall ceiling of 1,718,237 (Seventeen Lakhs Eighteen Thousand Two Hundred Thirty Seven) Equity Shares (which number may be adjusted only in terms of Clause 3.3 herein below) approved by the shareholders as mentioned above.

3.2. Where Equity Shares are issued, pursuant to the Exercise of an Option or RSU under the ABCL Incentive Scheme, the maximum number of Shares that can be issued under the ABCL Incentive Scheme as referred to in Clause 3.1 above will stand reduced to the extent of such Equity Shares issued.

3.3. Change in Capital Structure and other Corporate Actions

- (i). In case of corporate actions such as issue of bonus shares, rights issue, stock splits, consolidation or other re-organisation of capital structure of the Company, whilst any Option or RSU remains exercisable (subject to Clause 1.6), 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 RSUs to which the ABCL Incentive Scheme applies (in so far as they are unexercised); and/or
 - (b). the Option Exercise Price and RSU Exercise Price, as the case may be; and/or
 - (c). the number of Shares underlying an Option or an RSU; and/or
 - (d). the method of Exercise of any Option or RSU; and/or
 - (e). 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 RSUs 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 RSU Exercise Price, as the case may be, payable by a Grantee on the full Exercise of the Options or RSUs 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.
- In the event of any corporate action as contemplated by the SEBI (ii). Regulations, including (without limitation) rights on a general offer, reconstruction arrangement. compromise. 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) Remuneration and Compensation Nomination. above. the Committee may, subject to the provisions of the ABCL Incentive Scheme and Applicable Law, adjust the number of Options and RSUs (Vested as well as Unvested) or the Option Exercise Price/ the RSU 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 the SEBI Regulations while ensuring that the interests of the Grantees are protected.
- 3.4. Options and RSUs not Vested due to non-fulfillment of the Vesting Conditions, Vested Options and Vested RSUs which the Grantees have expressly refused to Exercise, Options and RSUs (Vested and not Exercised and Unvested) which have been surrendered and any Options and RSUs Granted but not Vested or Exercised within the stipulated time due to any reasons, shall lapse.
- 3.5. The Company may re-price the following Options and RSUs (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 Recognised Stock Exchanges:
 - (i). Unvested Options or Unvested RSUs; and
 - (ii). Vested Options and Vested RSUs which are yet to be exercised.



4. Administration

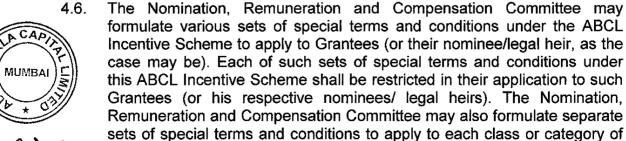
- 4.1. The ABCL Incentive Scheme shall be operated and administered by the Nomination, Remuneration and Compensation Committee. For this purposes, the Nomination, Remuneration and Compensation Committee may seek information, as may be necessary from the Board of Directors or a duly authorized Committee of the Board of Directors of Grasim. 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 ABCL Incentive Scheme or any Option or RSU 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, Grantees and their nominee(s) or legal heir(s)) having an interest in or affected by the ABCL Incentive Scheme or such Option or RSU.
- 4.2. The Nomination, Remuneration and Compensation Committee shall, in accordance with this ABCL Incentive Scheme and Applicable Law, *inter alia*, determine the following, as it may deem fit (and which may in this regard consider such information that may be provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim):
 - (i). the eligibility criteria;
 - (ii). the number of tranches in which the Options and RSUs are to be Granted and the number of Options and RSUs to be granted in each such tranche:
 - (iii). the time when the Options and RSUs are to be Granted;
 - (iv). the quantum of Options and RSUs to be Granted under the ABCL Incentive Scheme, subject to the ceiling as specified in **Clause 3.1**;
 - (v). the amount of up-front fee, if any, payable by the Grantee at the time of Grant of Options;
 - (vi). the terms and conditions (including performance parameters) subject to which the Options and RSUs Granted would Vest in the Grantee;
 - (vii). the Exercise Period within which the Grantee should exercise the Options and RSUs and that the Options and RSUs would lapse on failure to exercise within the relevant Exercise Period;
 - (viii). the right of a Grantee to Exercise all the Vested Options and Vested RSUs at one time or at various points of time within the Exercise Period;



- (ix). the specified time period within which the Grantee shall Exercise the Vested Options and the Vested RSUs in the event of termination or resignation of a Grantee;
- (x). the conditions under which the Vested Options and Vested RSUs may lapse, in case of termination of employment for fraud or misconduct;
- (xi). the treatment of Unvested Options and Unvested RSUs upon events including but not limited to, termination of employment or upon a director ceasing to hold office;
- (xii). the vesting and exercise of Options and RSUs in case of Grantee who has been transferred to an Associate Company or, who is on Secondment:
- (xiii). the procedure and terms for the Grant, Vesting and Exercise of Option and RSU in the case of Grantees who are on long leave;
- (xiv). the procedure for cashless Exercise of Options and RSUs, if required;
- (xv). the procedure for surrender and cancellation of Options and RSUs, if required;
- (xvi). framing appropriate procedures and rules for Granting, Vesting and Exercise of Options and RSUs and amending, altering, modifying or rescinding such procedures and rules from time to time;
- (xvii). the procedure for making a fair and reasonable adjustment in the case of corporate actions such as merger, sale of division, stock split / consolidation, rights issues, bonus issues, change in capital structure and/or others, in accordance with the SEBI Regulations and Applicable Law;
- (xviii). arranging to get the Shares, issued under the ABCL Incentive Scheme, listed on the Recognized Stock Exchange(s) on which the shares of the Company are already listed;
- (xix). ensuring submission of information, reports, etc., in connection with the ABCL Incentive Scheme to the Recognised Stock Exchange(s) at stipulated periodical intervals or otherwise, as the case may be;
- (xx). obtaining permissions from and making periodic reports to regulatory authorities, as may be required and ensuring compliance with Applicable Law;
 - laying down a method for satisfaction of any tax obligation arising in connection with the Options, RSUs and the Shares in compliance with Applicable Law;



- (xxii), subject to applicable law, (a) call back Options or RSUs Granted to the Grantees with their consent in writing and settle their entitlement in cash; or (b) re-price the Options or RSUs, as the case may be, which are not yet exercised, whether or not the same are Vested, in the event the ABCL Incentive Scheme or any tranche of Grant under the same has been rendered unattractive due to the fall in price of the Equity Shares on the Recognised Stock Exchanges;
- (xxiii), provide for any statutory, contractual, regulatory or such other matters as may be necessary for the administration and implementation of the ABCL Incentive Scheme in accordance with Applicable Law; and
- (xxiv), finalize, approve and authorise executives of the Company to execute various agreements, deeds, writings, confirmations, undertakings, indemnities or other documents, as may be necessary, under the Common Seal of the Company or otherwise, with any party including legal advisors, accountants, share transfer agents, depositaries, custodians, trustees, bankers and/or others for the purposes of the ABCL Incentive Scheme 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 SEBI 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.
- The number of members of the Nomination, Remuneration and 4.4. 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 ABCL Incentive Scheme.





Grantees (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 Grantees (or their respective nominees/legal heirs).

- 4.7. The Nomination, Remuneration and Compensation Committee may appoint a third party/Agency to administer the ABCL Incentive Scheme and support communications, on its behalf.
- 4.8. It is clarified that in terms of the ABCL Incentive Scheme, upon exercise of the Options and RSUs, the Grantees will subscribe to the Equity Shares to be issued by the Company, upon payment of the Option Exercise Price and the RSU Exercise Price, as the case may be.

5. Eligibility, Applicability and Grant

- 5.1. Pursuant to the Composite Scheme of Arrangement, a Grantee (being the holder of stock options, restricted stock units and/or stock appreciation rights (whether vested or not), as on record date i.e. 20th July 2017, under Grasim Employee Benefit Schemes in terms of Part III of the Composite Scheme of Arrangement (including employees of erstwhile ABNL who were granted corresponding stock options, restricted stock units and/or stock appreciation rights of Grasim under Part II of the Scheme)), as determined by Nomination, Remuneration and Compensation Committee (which may consider such information provided by Grasim pursuant to the Composite Scheme of Arrangement) shall be eligible for being granted Stock Options and RSUs under this ABCL Incentive Scheme.
- 5.2. The ABCL Incentive Scheme shall be applicable to the Company and its Holding Company i.e. Grasim, and Options and RSUs may be Granted to eligible Grantee as discussed in Clause 5.1 above, as determined by the Nomination, Remuneration and Compensation Committee (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim in this regard).
- 5.3. The Grantee identified for Grant of Options and RSUs shall be furnished with: (i) the Letter of Grant; (ii) the disclosures prescribed under the SEBI Regulations including the salient features of the ABCL Incentive Scheme; (iii) the ABCL Incentive Scheme Code of Conduct; (iv) Nomination Form and such other documents as may be prescribed by the Nomination, Remuneration and Compensation Committee and Applicable Law.

A Grantee who wishes to accept the Grant made, must signify his or her acceptance in the manner specified by the Nomination, Remuneration and Compensation Committee within 30 days from the Grant Date. Any Grantee, who fails to communicate his / her acceptance within the stipulated time, will be deemed to have rejected the Grant unless otherwise determined by the Nomination, Remuneration and Compensation Committee.



MUMBAL

5.4. The appraisal process for determining the eligibility of the Grantees will be specified by the Nomination, Remuneration and Compensation Committee, and will be based on criteria such as role/level of the Grantee, past performance record, future potential of the Grantee, 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, as it may deem fit (and which may consider such other information provided by the Board of Directors or a duly authorized committee of the board of directors of Grasim in this regard).

6. Vesting Schedule and Conditions

- 6.1. The Options and RSUs Granted pursuant to the Composite Scheme of Arrangement under ABCL Incentive Scheme shall be taken into account from the date of Grant as held by or deemed to have been held by the eligible grantees for determining the minimum vesting period required under the applicable law for the Options and RSUs granted under the ABCL Incentive Scheme in accordance with the SEBI Regulations 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.
- 6.2. The vesting conditions and vesting dates under this ABCL Incentive Scheme shall follow the same vesting conditions, as applicable to the Grantees under the corresponding Grasim Employee Benefit Schemes, subject to compliance with the Composite Scheme of Arrangement and the Applicable Law and specifically set out in the Grant Letter.

Vesting of Options and RSUs shall be subject to, amongst other things, the conditions that the Grantee is (a) employed with on the Grant Date; (b) is not serving any notice of resignation/ termination on the date of such Vesting (except in the case of (i) death (see Clause 7.5); (ii) Permanent Incapacity suffered by the Grantee (see Clause 7.6); (iii) Retirement (see Clause 7.7); or (iv) transfer to an Associate Company of the Company or Secondment (see Clause 7.12); and (c) is not subject to any pending disciplinary proceeding.

In addition to this, the Nomination, Remuneration and Compensation Committee may also specify certain performance parameters as it may deem fit (and may in this regard consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim) at the time of Grant subject to which the Options and the RSUs 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 and RSUs or, in the respective vesting letters to be issued by the Company to the Grantees from time to time.

Page 16 of 29

6.3. Notwithstanding anything contained herein, the Nomination, Remuneration and Compensation Committee may as it may deem fit (and may in this regard consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim). (i) accelerate the Vesting of the Options or the RSUs granted, as applicable, in case of exceptional performance of a Grantee or such other circumstances as may be decided by the Nomination, Remuneration and Compensation Committee, subject to Applicable Law; or (ii) not Vest any of the Options and RSUs already Granted; or (iii) Vest such lesser number of Options and RSUs than as already Granted; or (iv) modify the vesting schedule in respect of the Options and RSUs 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 upto 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 (or that of Grasim's) Policies/Terms of Employment or the ABCL Incentive Scheme Code of Conduct; or (h) on account of such other circumstances as the Nomination, Remuneration and Compensation Committee may determine, subject to Applicable Law.

7. Exercise

7.1. Exercise Price:

- (i). Option Exercise Price: The Option Exercise Price would 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). <u>RSU Exercise Price</u>: The RSU Exercise Price would be determined by the Nomination, Remuneration and Compensation Committee, provided that the Exercise Price per RSU shall not be less than the face value of the Shares as on the date of Grant of Options.

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 RSUs.

7.2. **Exercise Period**: The Options and RSUs Granted to a Grantee shall be capable of being Exercised within a period of five years from the date of Vesting of the respective Options and RSUs or such other period as may be determined by the Nomination, Remuneration and Compensation Committee (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of

Directors of Grasim from time to time and communicated to the Nomination, Remuneration and Compensation Committee of the Company), which will then be communicated to the Grantee by the said committee of the Company.

In accordance with the provisions of this ABCL Incentive Scheme, the Nomination, Remuneration and Compensation Committee, the amount payable by the Grantee, if any, at the time of Grant of Options or RSUs —

- (i). may be forfeited by the Company, if the Vested Options or RSUs, as the case may be, are not Exercised by the Grantee within the Exercise Period; or
- (ii). may be refunded to the Grantee if the Options or RSUs, as the case may be, are not Vested due to the non-fulfilment of any of the Vesting Conditions.

During the Exercise Period relating to each Vesting, the Vested Options and the Vested RSUs can be Exercised in one or more tranches, such that each tranche will be a minimum of 500 Options or 100 RSUs, as the case may be, except in cases where the number of Vested Options is less than 500 or where the number of outstanding Vested RSUs is less than 100.

- 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 RSUs (as the case may be) by submitting the Exercise Application to the Company, for issuance or allotment of Equity Shares pursuant to the Vested Options and/or Vested RSUs, 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 RSUs 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.

The Equity Shares will be allotted in dematerialized form only, unless otherwise determined by the Board/ Committee.

Each Option and each RSU 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 Incentive Scheme or otherwise as



Swag

adjusted from time to time, as may be determined by the Nomination, Remuneration and Compensation Committee pursuant to the provisions of the Incentive Scheme). Provided that, in the event of Exercise of Options and RSUs resulting in fractional Equity Shares, the Nomination, Remuneration and Compensation Committee shall be entitled to round off the number of Equity Shares to be issued to the nearest whole number, and the Exercise Price shall be accordingly adjusted. All Equity Shares issued and allotted consequent to Exercise of Options and RSUs shall rank pari passu with the then existing Equity Shares.

- 7.5. In case of death: Subject to Clause 6.3 above, in the event of the death of a Grantee while in employment or otherwise, all the Unvested Options and RSUs Granted to him shall Vest in his nominee(s)/legal heir(s)/successor(s) immediately on the date of deathof the Grantee. . All the Options and RSUs (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 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 RSUs, 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 (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim in this regard). In case of the death of any Grantee who has not nominated any person(s), the Options and RSUs 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 six months from the date of death of the Grantee or such further time as the Nomination, Remuneration and Compensation Committee may permit, the Options and the RSUs shall lapse.
- 7.6. 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 RSUs (including those which Vest upon the Permanent Incapacity of the Grantee) shall be Exercised by him within three years from the date of separation on account of such Permanent Incapacity (subject to the last date of Exercise not exceeding five years from the date of each Vesting of Options and RSUs, 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 RSUs (including those which Vest upon the Permanent Incapacity of the Grantee), within 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 five years from the date of each Vesting of Options and RSUs, as the case may be), failing which these shall lapse.

- 7.7. In case of Retirement: Subject to Clause 6.3 above and Applicable Law in the event of separation from employment for reasons of normal retirement or a Retirement as may be specifically approved:
 - (i). In case of Unvested Options: (a) such number of Unvested Options that represent the proportionate period of employment of the Grantee from the date of Grant of the Options shall Vest on the date of Retirement; and (b) all Unvested Options, which are, in terms of the applicable Vesting Schedule, scheduled for Vesting within 12 months from the date of Retirement of the Grantee will Vest on the due dates as per applicable Vesting Schedule outlined in the Grant Letter or the Vesting Letter, as the case may be; and (c) the balance Unvested Options will lapse on the date of Retirement, unless otherwise determined by the Nomination, Remuneration and Compensation Committee, whose determination shall be final and binding.
 - (ii). In case of Unvested RSUs: such number of Unvested RSUs that represent the proportionate period of employment of the Grantee from the date of Grant of the RSUs shall Vest on the date of Retirement and the balance Unvested RSUs will lapse on the date of Retirement, unless otherwise determined by the Nomination, Remuneration and Compensation Committee whose determination shall be final and binding.

After the date of Retirement, all Vested Options and Vested RSUs 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 three years from the date of Retirement, subject to the last date of Exercise not exceeding five years from the date of each Vesting of the Options and the RSUs, as the case may be.

7.8. Treatment of Options and RSUs held by Good Leavers:

- (i). In the event of termination of employment, the Board or the Nomination, Remuneration and Compensation Company, 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 by the Good Leaver. Unvested RSUs held "Acceleration"). Such accelerated Vested Options and Vested RSUs 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 RSUs may be subject to a lock-in period of 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 RSUs (including the ones in respect of which the minimum Vesting Period has not been met), on the date of termination/ resignation date shall expire and stand cancelled with effect from that date. However, all Vested Options and Vested RSUs as on such date shall be exercisable by the Good Leaver within the period specified in the relevant vesting letter.

- 7.9. In case of breach of Company Policies or Terms of Employment (or that of Grasim's) and other matters: In the event of termination of the employment of a Grantee due to breach of Company Policies/Terms of Employment (or that of Grasim's, as the case may be and communicated to the Nomination, Remuneration and Compensation Committee in this regard), all Options and RSUs Granted to such Grantee, including the Vested Options and Vested RSUs 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 (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim in this regard), and its decision on this issue shall be final and binding on all concerned. Further, the Options and RSUs Granted but not Vested and the Vested Options and Vested RSUs which are not Exercised in case of a Grantee who has been suspended from the services 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 that of Grasim's, as the case may be and communicated to the Nomination, Remuneration and Compensation Committee in this regard) 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 by the Nomination, Remuneration and Compensation Committee. In the case of Options and RSUs 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 (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim in this regard). Cancelled Options and RSUs, if any, shall be treated as lapsed Options and RSUs respectively as provided under Clause 3.4.
- 7.10. 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 7.10, all Unvested Options and Unvested RSUs (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 RSUs 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 Vesting Letter or Grantee's last working day whichever is earlier.

- 7.11. In the event of abandonment of employment: In the event of abandonment of employment by an Option Grantee without the Company's consent (or that of Grasim's, as the case may be), all Options granted to such Grantee, including the Vested Options, which were not exercised prior to the abandonment of employment, shall stand terminated with immediate effect. The Nomination, Remuneration and Compensation Committee (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim in this regard), shall decide the date of abandonment by a Grantee and such decision shall be binding on all concerned.
- 7.12. In case of transfer to an Associate Company or Secondment: In the event a Grantee is (i) transferred to an Associate Company of the Company (and provided that, during the relevant Vesting Period, the Grantee continues to be in employment with any Associate Company subsequent to the transfer), or (ii) is on Secondment, prior to the Vesting or Exercise of the Options or RSUs, as the case may be, the Options and RSUs granted to such Grantees shall Vest or be Exercised as per the terms of Grant under the Scheme 2017 and as specified in the Letter of Grant or the vesting letters, as applicable, even after such transfer or Secondment.

All the provisions of Clause 7.4, 7.5, 7.6, 7.7, 7.8, 7.9, 7.10 and 7.11 of this ABCL Incentive Scheme shall apply mutatis mutandis to this Clause 7.12.

7.13. Cashless Exercise: Notwithstanding anything contained herein and subject to applicable provisions of the Companies Act, a Grantee may be permitted to opt for cashless Exercise, if any, whereby the Company may, on a reasonable effort basis, arrange for a loan, if so required by a Grantee, to enable him to pay for the Exercise Price in respect of the Options and RSUs Exercised by the Grantee (as the case may be) at such terms as the Company and/or the Nomination, Remuneration and Compensation Committee may decide in accordance with Applicable Law. Such permission to opt for cashless Exercise under the ABCL Incentive Scheme shall be subject to the discretion of the Nomination, Remuneration and Compensation Committee and the decision of the Nomination, Remuneration and Compensation Committee in this regard shall be binding on the Grantee.



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 RSUs (as the case may be) and becomes a registered holder of the Equity Shares.
- 8.2. The Options and the RSUs 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 RSUs or the relevant exercise price or both would be made in accordance with Clause 3.3 of the ABCL Incentive Scheme and Applicable Law.
- In the event of any change in the constitution of the Company namely 8.4. change of control of the Company, re-structuring of the Company, including but not limited to, merger, de-merger, spin-off, 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 ABCL Incentive Scheme 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 Grantee 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 RSUs remains the same after the aforesaid corporate actions and in this regard shall if necessary, arrange issuance of fresh Options/RSUs/ shares of the resultant entities emerging due to such corporate actions, subject to Applicable Law.
- 8.5. Options and RSUs 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 ABCL Incentive Scheme.

No person other than the Grantee to whom the Option and RSU are granted shall be entitled to Exercise the Option and the RSUs (as the case may be) except in the event of the death or Permanent Incapacity of the Grantee.

8.6.

- 8.7. Notwithstanding anything contained elsewhere in the ABCL Incentive Scheme, the Company or the Board of Directors or the Nomination, Remuneration and Compensation Committee will not be obliged to issue any Equity Shares upon Exercise of the Options and RSUs or otherwise unless the issuance 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 Recognised Stock Exchange(s). In such event, the Company shall not be liable to pay any compensation or similar payment to any Grantee for any loss suffered due to such refusal/ deferral to permit Exercise.
- 8.8. The Shares issued pursuant to any Exercise of Options or RSUs, 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. A Grantee may surrender his Options and/or RSUs (Vested and un-Exercised and Unvested) at any time during his employment till the ABCL Incentive Scheme remains in effect. Any Grantee willing to surrender his Options and/or RSUs shall communicate the same, in writing, to the Nomination, Remuneration and Compensation Committee. Thereafter the surrendered Options and RSUs shall lapse or expire with effect from the date of surrender as provided under Clause 3.4.

9. Transferability of Equity Shares

Options or RSUs Granted under ABCL Incentive Scheme to a Grantee shall not be transferable to any person. However, there will be no restriction on transferability of the Equity Shares, which may be issued to the Grantee upon Exercise of the Options and RSUs Granted pursuant to this ABCL Incentive Scheme, unless otherwise specified. However, Grantees are required to always adhere to Applicable Law, Company (or Grasim, as the case may be) 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 Grantee 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 (or Grasim's, as the case may be) 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 issued upon Exercise of the Options and RSUs Granted pursuant to this ABCL Incentive Scheme.



11. Tax Liability

The liability of paying tax, if any, on the Options and RSUs granted and exercised pursuant to the ABCL Incentive Scheme and the Equity Shares issued pursuant to Exercise of Options and RSUs 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 reenactment thereof) and/or the rules framed there under, as existing on the date of this ABCL Incentive Scheme, the Nomination, Remuneration and Compensation Committee shall have the power to amend or modify this ABCL Incentive Scheme, without the consent of the Grantees 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 RSU 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 RSUs, 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 ABCL Incentive Scheme 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 such modification/amendment is obtained from the shareholders of the Company in terms of the SEBI Regulations.
- The Nomination, Remuneration and Compensation Committee may reprice 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 the SEBI Regulations and Applicable Law.



14. Miscellaneous

14.1. Regulations

This ABCL Incentive Scheme shall be subject to the 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 issuance, 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 issue, transfer or sell (to the extent permitted by law) such Equity Shares.

- 14.3. The Grant of an Option or RSU 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 RSU Granted to him in respect of any number of Equity Shares or any expectation that an Option or RSU might be Granted to him whether subject to any condition or at all.
- 14.4. Neither the existence of this ABCL Incentive Scheme nor the fact that an individual has on any occasion been Granted an Option or RSU 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 ABCL Incentive Scheme by being Granted an Option or RSU on any other occasion.
- 14.5. The rights granted to a Grantee upon the Grant of an Option or RSU 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 RSU in whole or in part.
- 14.7. Nothing contained in the ABCL Incentive Scheme or in any Grant made hereunder shall:
 - (i). confer upon any Grantee 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 Grantee at any time.

For the purpose of this clause, it is further clarified that, reference to "Company" shall include any company in the Group.

- 14.8. Neither the adoption of the ABCL Incentive Scheme nor any action of the Nomination, Remuneration and Compensation Committee shall be deemed to give a Grantee any right to be Granted any Option or RSU to acquire Shares or to any other rights except as may be evidenced by a Letter of Grant.
- 14.9. Participation in this ABCL Incentive Scheme 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 Grantee 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

Grantees shall keep the details of the Options and RSUs 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. In this regard, any decision as may be taken by the Nomination, Remuneration and Compensation Committee (which may consider such other information provided by the Board of Directors or a duly authorized committee of the Board of Directors of Grasim in this regard) will be final and binding on all concerned.

16. Method used for Valuation of Options and RSUs

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

17. Listing of the Equity Shares

Subject to the approval of the Recognised Stock Exchange(s), the Equity Shares issued upon exercise of the Vested Options and RSUs, as the case may be, shall be listed on such Recognised Stock Exchange(s).

18. Conformance to the Accounting Policies

The Company shall conform to the accounting policies prescribed by SEBI and as specified by the SEBI Regulations from time to time.

19. No Restriction on Corporate Action

The existence of the ABCL Incentive Scheme 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 ABCL Incentive Scheme or any Grant made under the Incentive Scheme. No Grantee or other person shall have any claim against the Company as a result of such action.

20. New Schemes

Nothing contained in the ABCL Incentive Scheme shall be construed to prevent the Company from implementing any other new scheme for granting stock options (by way of Options or RSUs) 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 ABCL Incentive Scheme or any Grant made under the ABCL Incentive Scheme. No Grantee 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 ABCL Incentive Scheme 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 ABCL Incentive Scheme shall be sent, in writing, at the address mentioned below:

The Company Secretary
Aditya Birla Capital Limited
Address: One Indiabulls Centre, Tower-1, 18th floor, Jupiter Mill
Compound,
841, S.B. Marg, Elphinstone Road, Mumbai 400 013
E-mail- abc.secretarial@adityabirlacapital.com

22. Severability

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

23. Arbitration

All disputes arising out of or in connection with the ABCL Incentive Scheme or the Grant, Vesting or Exercise shall be referred for arbitration to a single arbitrator to be appointed by the Nomination, Remuneration and Compensation Committee. 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 ABCL Incentive Scheme shall be governed by and construed in accordance with the laws of India.



