



**TITAN COMPANY LIMITED**  
**PERFORMANCE BASED STOCK UNIT SCHEME 2023**  
**(Scheme 2023)**  
**(Effective March 21, 2023)**

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## TITAN COMPANY LIMITED

### PERFORMANCE BASED STOCK UNIT SCHEME 2023

#### 1. NAME, OBJECTIVE AND TERM OF THE TITAN COMPANY LIMITED PERFORMANCE BASED STOCK UNIT SCHEME 2023

1.1 Titan Company Limited Performance Based Stock Unit Scheme 2023 shall be called the “**Scheme 2023**” under which the Company (*as defined hereinafter*) is authorized to grant Performance Based Stock Units/Units (*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 Scheme 2023 was formulated by the Board Nomination and Remuneration Committee (*as defined hereinafter*) and approved at its meeting held on 6<sup>th</sup> January 2023, by the Board of Directors at its meeting held on 2<sup>nd</sup> February, 2023, and by the shareholders of the Company *vide* a special resolution passed through postal ballot on 21<sup>st</sup> March 2023. For extending the benefits of the Scheme 2023 to the Employees of the Company’s Subsidiary Companies (*as defined hereinafter*), a separate resolution of the shareholders of the Company was also passed through Postal Ballot on 21<sup>st</sup> March 2023.

1.3 The Company aims to provide competitive remuneration opportunities to its Employees. The Company believes that 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 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 Scheme 2023 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, incentivize and retain key talent and as well as to motivate the Employees to contribute to its growth and profitability;
- (iii) to recognize and reward the efforts of Employees and their continued association with the Company and its Subsidiary Company(ies) to promote the culture of Employee ownership, to enable the Employees to have greater involvement in the existing business plans of the Company, to secure the loyalty of the Company’s most valuable resources and to 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.

This Scheme 2023 is established with effect from 21<sup>st</sup> March 2023 and shall continue to be in force until (i) for a period of 10 (ten years); or (ii) its termination by the Board; or (iii) the date on which all of the Units available for Grant under the Scheme 2023 have been Granted and Exercised (*as defined hereinafter*) or have lapsed or have been cancelled by the Board

Nomination and Remuneration Committee and the Board Nomination and Remuneration Committee does not intend to re-grant the said lapsed or cancelled Units.

- 1.4 The Board Nomination and Remuneration Committee may, subject to compliance with Applicable Law (*as defined hereinafter*), at any time alter, amend, suspend or terminate the Scheme 2023.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 Definitions.

- (i) “**Applicable Law**” includes every law, rule, regulation or bye-law relating to Performance Stock Units (*as defined hereinafter*), including, without limitation, the Companies Act (*as defined hereinafter*), the SBEB & SE Regulations, 2021 (*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 (*as defined hereinafter*) 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) “**Board**” means the Board of Directors (*as defined hereinafter*) of the Company, which includes any committee authorized by the Board of Directors in this behalf, including the Board Nomination and Remuneration and Committee.
- (iii) “**Board Nomination and Remuneration Committee (BNRC)**” means the committee constituted by the Board of Directors from time to time, which shall also perform the role of the compensation committee in accordance with the SBEB & SE Regulations.
- (iv) “**Change-in-Control**” means sale of Shares held by shareholders of the Company, in one or more tranches, to any individual(s), entity(ies) or group(s) (other than to or between the current shareholders or their immediate relations), by more than 50% (fifty percent) of the voting power in the Company, resulting in change in control over the affairs of the Company and in the constitution of the Board.
- (v) “**Companies Act**” means the Companies Act, 2013 and includes any statutory modifications or re-enactments thereof.
- (vi) “**Company**” means Titan Company Limited, incorporated under Companies Act, 1956, having its registered office at 3, Sipcot Industrial Complex, Hosur – 635126, and where the context requires, its Subsidiary Companies.
- (vii) “**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.

- (viii) “**Director**” means a member of the Board of the Company.
- (ix) “**Eligibility Criteria**” means the criteria as may be determined from time to time by the Board Nomination and Remuneration Committee for Granting the Units to the Employees (including the existing Employees or to the new entrants on such basis as the Board Nomination and Remuneration Committee may deem fit, in accordance with the Applicable Law).
- (x) “**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 (*as defined hereinafter*) or member of the Promoter Group (*as defined hereinafter*), but excluding an independent director; or
  - (c) an employee as defined in sub-clauses (a) or (b) above, of a Subsidiary Company, in India or outside India,  
  
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 their relatives or through any body corporate, directly or indirectly holds more than 10% (ten percent) of the outstanding Equity Shares of the Company.
- (xi) “**Exercise**” of Units means making of an application by a Grantee (*as defined hereinafter*) to the Company after the Vesting Date (*as defined hereinafter*), to subscribe to the Shares underlying the Vested Units (*as defined hereinafter*), as the case may be, in pursuance of the Scheme 2023, in accordance with the procedure laid down by the Company in this regard. The term “**Exercised**” and “**Exercisable**” shall be construed accordingly.
- (xii) “**Exercise Application**” means the application form or the letter of Exercise as may be prescribed by the Board Nomination and Remuneration Committee, in which the Grantee has to apply to the Company, along with a cheque/demand draft payable at the account number provided in the Grant Letter in respect of the Exercise Price as defined hereinafter (as the case may be) or such other documents as may be prescribed pursuant to the provisions of the Scheme 2023, for Exercising the Vested Units. The payment towards 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 Board Nomination and Remuneration Committee.

- (xiii) “**Exercise Period**” means such time-period after Vesting Date (*as defined hereinafter*) within which the Grantee should Exercise the Vested Units in terms of the Scheme 2023.
- (xiv) “**Exercise Price**” means the price payable by a Grantee in order to Exercise the Vested Units, at the par value of the underlying Shares (Re. 1) to be transferred on Exercise of the Vested Units, payable by the Grantee.
- (xv) “**Good Leaver**” means any of the following situations in relation to an Employee holding Units:
  - (a) the Employee resigning from their employment after a period of at least one year from the Grant Date (*as defined hereinafter*), with the prior consent of the Company through its authorized officer; or
  - (b) the Employee asked to leave the Company, at the instance of the Company and without any cause to the Company.
- (xvi) “**Grant**” means issue of Units, as the case may be, to the Employees under the Scheme 2023.
- (xvii) “**Grant Date**” means the date on which the Units are Granted to a Grantee by the Board Nomination and Remuneration Committee under the Scheme 2023, in accordance with Applicable Law.
- (xviii) “**Grantee**” means an Employee who has been Granted an Unit and in pursuance of the Scheme 2023.
- (xix) “**Letter of Grant**” means the letter issued by the Company, whether in physical or electronic mode, intimating the Employee, *inter alia*, of the Units Granted to them for acquiring a specified number of Shares at the Exercise Price, as the case may be, along with details/other terms and conditions as regard to Vesting and Exercise of Units.
- (xx) “**Lock-in Period**” means the period during which the Employee shall not sell, pledge or otherwise transfer, directly or indirectly, any of their Shares or dispose of any interest in or over the right attached to any of their Shares.
- (xxi) “**Performance Parameters**” means the performance metrics of the Company/Division/Subsidiary and individual performance as determined, varied, or altered by the BNRC/Board from time to time and communicated to the Employee. The Board or the Board Nomination and Remuneration Committee may at its discretion, lay down certain criteria including, but not limited to, the performance metrics which would include profitability, cash flow, revenue, or any other strategic metric as may be decided by the Board Nomination and Remuneration Committee, on the achievement of which the Units would be Granted and/ or Vested and which may be specified in the respective Letter of Grant or the Vesting letter to be issued to the Unit Grantee.

- (xxii) **“Performance Period”** means the period of 3 (three) financial years commencing from 1<sup>st</sup> April 2023 or such other time period as the BNRC may decide and as may be applicable.
- (xxiii) **“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 Board Nomination and Remuneration Committee based on a certificate of a medical expert identified by the Board.
- (xxiv) **“Promoter”** shall have the meaning as assigned to the term under the SEBI ICDR Regulations, as defined hereinafter.
- (xxv) **“Promoter Group”** shall have the meaning as assigned to the term under the SEBI ICDR Regulations (*as defined hereinafter*).
- (xxvi) **“Recognized 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.
- (xxvii) **“Performance Stock Unit/ PSU”** means an Unit Granted to an Employee, which gives such Employee the right, but not an obligation, to purchase at a future date the Shares underlying the Unit in accordance with the terms of the Scheme 2023.
- (xxviii) **“Retirement”** means retirement of an Employee as per the rules of the Company.
- (xxix) **“SBEB & SE Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.
- (xxx) **“SEBI”** means the Securities and Exchange Board of India.
- (xxxi) **“SEBI ICDR Regulations”** means the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- (xxxii) **“SEBI Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (xxxiii) **“Secondary Acquisition”** means acquisition of existing Shares by the Trust, hereinafter defined, on a delivery basis, on a recognized stock exchange for cash consideration.
- (xxxiv) **“Shares” / “Equity Shares”** means equity shares of the Company of face value of Re. 1 (Rupee One only) each arising out of the Exercise of Units Vested under the Scheme 2023.
- (xxxv) **“Subsidiary Company”** means any present or future subsidiary company of the Company, as defined in the Companies Act.

- (xxxvi) “**Scheme 2023**” means this Titan Company Limited Performance Based Stock Units Scheme 2023 under which the Company is authorized to Grant Units to the Employees, as amended from time to time.
- (xxxvii) “**Trust**” means a trust created by the Company for the benefit of the Company’s Employees and to implement schemes for providing incentives to its employees (including this Scheme 2023);
- (xxxviii) “**Trustee**” means a trustee of the Trust;
- (xxxix) “**Unvested Unit**” means a Unit in respect of which the relevant Vesting Conditions (*as defined hereinafter*) have not been satisfied and as such, the Grantee has not become eligible to Exercise the Unit.
- (xl) “**Vesting**” means the process through which a Grantee becomes entitled to Exercise the Units Granted to them after completion of the Performance Period in pursuance of the Scheme 2023, subject to meeting Performance Parameters. The term “**Vest**” and “**Vested**” shall be construed accordingly.
- (xli) “**Vesting Condition**” means time based and/or performance-based condition that may be stipulated by the Board Nomination and Remuneration Committee for Vesting of Units.
- (xlii) “**Vested Unit**” means a Unit in respect of which the relevant Vesting Conditions have been satisfied and the Grantee has become eligible to Exercise the Unit.
- (xliii) “**Vesting Date**” means 3 (three) years from the date of Grant or such other date as may be prescribed by the Board Nomination and Remuneration Committee after conclusion of the Performance Period, subject to meeting Performance Parameters and complying with the minimum Vesting period of 1 (one) year.

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 Scheme 2023, unless any 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 Scheme 2023;
- (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 Scheme 2023; and
- (x) the schedules and annexures hereto shall constitute an integral part of this Scheme 2023.

### **3. AUTHORITY AND CEILING**

**3.1** The Board, at its meeting held on 2<sup>nd</sup> February 2023, resolved to issue to Employees under the Scheme 2023, Units Exercisable into not more than 10,00,000 (Ten Lakh only) Equity Shares, being 0.11% of the paid-up Equity Share capital of the Company as on 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 Unit, 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 Scheme 2023. However, the aggregate number of Units that may be granted to a single Employee under the Scheme 2023 shall not exceed 0.11% 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 issued, pursuant to the Exercise of an Unit or under the Scheme 2023, the maximum number of Shares that can be issued under the Scheme 2023 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-organization of capital structure of the Company, whilst any Unit 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 Units to which the Scheme 2023 applies (insofar as they are unexercised); and/or
  - (b) the Exercise Price; and/or
  - (c) the number of Shares underlying an Unit; and/or

- (d) the method of Exercise of any Unit; 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 they Exercised all the Units held by them immediately prior to such adjustment;
  - (b) any such adjustment shall be made on the basis that the aggregate Exercise Price, payable by a Grantee on the full Exercise of the Units 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 Board Nomination and Remuneration Committee may, subject to the provisions of the Scheme 2023 and Applicable Law, adjust the number of Units (Vested as well as Unvested) or the Exercise Price, or the Vesting Date 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** Units not Vested due to non-fulfillment of the Vesting Conditions, Vested Units which the Grantees have expressly refused to Exercise, Units (Vested and not Exercised and Unvested) which have been surrendered and any Units Granted but not Vested or Exercised within the stipulated time due to any reasons, shall lapse and these Units or the underlying Equity Shares will be available for Grant by the Board Nomination and Remuneration Committee to any Employee(s) as it may deem fit in its absolute discretion, whether under the Scheme 2023 or any amendment thereto or under a new scheme, as a fresh Grant, subject to compliance with the provisions of the Applicable Law.

## ADMINISTRATION

- 3.5** The Scheme 2023 being implemented through the Trust, the Board Nomination and Remuneration Committee has, in compliance with the SBEB & SE Regulations, delegated the administration of the Scheme 2023 to the Trust to the extent set out in this Scheme.
- 3.6** The Board Nomination and Remuneration Committee shall, in accordance with this Scheme 2023 and Applicable Law, in its absolute discretion, *inter alia*, determine the following:
- (i) the quantum of Units to be Granted to each Employee and in aggregate under the Scheme 2023, subject to the ceiling as specified in **Clause 3.1**;
  - (ii) the conditions under which the Units 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 Units and that the Units would lapse on failure to Exercise within the relevant Exercise Period;
  - (iv) the specified time period within which the Employee shall Exercise the Vested Units in the event of termination or resignation of an Employee;
  - (v) the right of an Employee to Exercise all the Vested Units 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 Units 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 Board Nomination and Remuneration Committee:
    - (a) the number and price of Units shall be adjusted in a manner such that total value to the Employee of the Units remains the same after the corporate action;
    - (b) the Vesting period and the life of the Units shall be left unaltered as far as possible to protect the rights of the Employee(s) who is Granted such Units.
  - (vii) the Grant, Vesting and Exercise of Unit in the case of Employees who are on long leave;
  - (viii) 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

- (ix) 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, depositaries, custodians, bankers and/or others for the purposes of the Scheme 2023 and accept modifications, changes and amendments to any such documents/ agreements.
- 3.7** The Board Nomination and Remuneration 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.
- 3.8** The number of members of the Board Nomination and Remuneration Committee and their powers and functions can be specified, varied, altered, or modified from time to time by the Board of the Company, subject to the Applicable Law.
- 3.9** No member of the Board Nomination and Remuneration Committee shall be personally liable for any decision or action taken in good faith with respect to the Scheme 2023.
- 3.10** The Board Nomination and Remuneration Committee may formulate various sets of special terms and conditions under the Scheme 2023 to apply to an Employee (or their nominee/legal heir, as the case may be). Each of such sets of special terms and conditions under this Scheme 2023 shall be restricted in their application to such Employee (or their respective nominees/ legal heirs). The Board Nomination and Remuneration 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. IMPLEMENTATION OF THE SCHEME THROUGH THE TRUST**
- 4.1** This Scheme 2023 is being implemented through the Trust to the extent set out herein.
- 4.2** The Company may formulate and implement several schemes as permitted under SBEB & SE Regulations through the Trust.
- 4.3** The Trust may, subject to the Applicable Laws, acquire Shares through Secondary Acquisition for the purposes of implementing this Scheme 2023 subject to the limits specified and the other provisions contained in the SBEB & SE Regulations.
- 4.4** The Trust shall utilize the Shares of the Company acquired/ for the purpose of transferring them to the Grantees, upon Exercise/ Vesting, in case of Units subject to Applicable Laws.

- 4.5 Subject to Applicable Laws and approvals, the Company may lend monies to the Trust on appropriate terms and conditions to acquire the Equity Shares through Secondary Acquisition, for the purposes of implementation of this Scheme 2023.

## 5. ELIGIBILITY, APPLICABILITY AND GRANT

- 5.1 Only Employees are eligible for being Granted Units under the Scheme 2023. The specific Employees to whom the Units 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 Board Nomination and Remuneration Committee, in its absolute discretion, subject to Applicable Law. The Board Nomination and Remuneration Committee shall intimate the Trustees in writing as to the number of Units that have been Granted to each eligible Employee specifying therein the Grant Date, number of Units Granted, Vesting Date(s), Exercise Period and the Exercise Price.
- 5.2 The Scheme 2023 shall be applicable to the Company and its Subsidiary Company (ies), and any successor company thereof and Units may be Granted to the Employees, as determined by the Board Nomination and Remuneration Committee at its sole discretion.
- 5.3 The Board Nomination and Remuneration Committee may, on such dates as it shall determine, Grant to such Employees as it may in its absolute discretion select, Units on the terms and conditions including Performance Parameters, and for the consideration as it may decide, subject to compliance with Applicable Law. The Employee identified for Grant of Units shall be furnished with: (i) the Letter of Grant; (ii) the disclosures prescribed under Applicable Law including the salient features of the Scheme 2023; (iii) nomination form (for appointment of a nominee) and such other documents as may be prescribed by the Board Nomination and Remuneration 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 Board Nomination and Remuneration 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, tenure of association and/ or such other criteria that may be determined by the Board Nomination and Remuneration Committee at its sole discretion.

## 6. VESTING SCHEDULE AND CONDITIONS

- 6.1 The Units Granted under Scheme 2023 would Vest not earlier than 1 (one) year from the Grant Date in accordance with Applicable Law, unless otherwise specified therein and shall Vest in accordance with **Clause 6.2** as mentioned below or such other period or manner as may be determined by the Board Nomination and Remuneration Committee from time to time.

Provided that in case where Units are granted by the Company under this Scheme 2023 in lieu of units 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 units granted by the transferor company were held by the person shall be adjusted against the minimum Vesting period set out above.

- (i) Notwithstanding anything contained hereinabove, Vesting of Units shall be subject to, amongst other things, the conditions that a minimum of 1 (one) year of employment has completed from Grant Date except in case of death or Permanent Incapacity of the Grantee, in which case the Units, as the case may be, shall vest immediately, and
- (ii) the Grantee is (a) in continuous employment with the Company (or its Subsidiary Company (ies)); (b) is not serving any notice of resignation/ termination on the Vesting Date. 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 Vesting Date 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 Subsidiary Company, (see **Clause 7.12**).; and (iii) is not subject to any pending disciplinary proceeding.

In addition to this, the Board Nomination and Remuneration Committee may also specify certain Performance Parameters subject to which the Units 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 Units.

## **6.2 Vesting period:**

Vesting period for Units: The Units Granted under the Scheme 2023 shall Vest after completion of the Performance Period, or such other period as the Board Nomination and Remuneration Committee may decide from time to time, subject to meeting Performance Parameters, in the manner set out in the Letter of Grant or such other document 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 1 (one) year shall not apply.

- 6.3** Notwithstanding anything contained herein, the Board Nomination and Remuneration Committee may, subject to Applicable Law, (i) subject to compliance with the minimum Vesting period of 1 (one) year, accelerate the Vesting of the Units in case of exceptional performance of an Employee or class of Employees or such other exceptional circumstances as may be decided by the Board Nomination and Remuneration Committee; or (ii) modify the Vesting schedule in respect of the Units 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 (h) on account of such other circumstances as the Board Nomination and Remuneration Committee may in its absolute discretion decide, subject to Applicable Law.

## **7. EXERCISE**

### **7.1 Exercise Price:**

The Exercise Price means the price payable by the Grantee to Exercise the Units and shall mean be the face value of the shares, and the same will be specified in the relevant Letter of Grant given to the Grantee at the time of the Grant of Units. Provided that the 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 Units Granted to a Grantee shall be capable of being Exercised within a maximum period of 2 (two) years from the Vesting Date of the respective Units or such other period as may be determined (and communicated to the Grantee) by the Board Nomination and Remuneration Committee from time to time subject to Applicable Laws.

During the Exercise Period relating to each Vesting, the Vested Units can be Exercised in one or more tranches as determined by the Board Nomination and Remuneration 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 Units (as the case may be) by submitting the Exercise Application to the Company for issuance of Equity Shares pursuant to the Vested Units, accompanied with the:

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

The Exercise Application shall be in such form as may be prescribed in this regard by the Board Nomination and Remuneration Committee and the Board Nomination and Remuneration Committee may determine the procedure for such Exercise from time to time.

**7.4** Each Unit 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 Scheme 2023 or otherwise as adjusted from time to time, as may be determined by the Board

Nomination and Remuneration Committee pursuant to the provisions of the Scheme 2023). Provided that, in the event of Exercise of Units resulting in fractional Equity Shares, the Board Nomination and Remuneration Committee shall be entitled to round off the number of Equity Shares to be transferred to the nearest whole number, and the Exercise Price shall be accordingly adjusted. All Equity Shares transferred consequent to Exercise of Units shall rank *pari passu* with the then existing Equity Shares.

- 7.5** The Board and/or the Board Nomination and Remuneration Committee and/or Trust shall endeavor to ensure that the process for transfer of Shares to the Employee who has validly exercised their Vested Units is completed within a reasonable period from the time of receiving the Exercise Price. No adjustment will be made for dividend or any other right for which record date is prior to the date on which Equity Shares are transferred.
- 7.6** **In case of death:** In the event of the death of a Grantee while in employment with the Company/ Subsidiary Company (ies), all the Unvested Units to them shall Vest in their nominee(s)/ legal heir(s)/ successor(s) immediately on the date of death of the Grantee. All the Units (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 immediately or within the Exercise Period, on payment of the applicable Exercise Price and tax, failing which, these shall lapse. The mode of nominating any person as a nominee would be prescribed by the Board Nomination and Remuneration Committee. In case of the death of any Grantee who has not nominated any person(s), the Units 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 2 (two) years from the date of death of the Grantee or such further time as the Board Nomination and Remuneration Committee may permit in its absolute discretion, the Units shall lapse and shall be available for Grant by the Board Nomination and Remuneration Committee to any other Employee(s) as it may deem fit in its absolute discretion.
- 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 Units Granted to them shall Vest in them immediately on the date of such Permanent Incapacity. All the Units (including those which Vest upon the Permanent Incapacity of the Grantee) shall be Exercised by them immediately or within the Exercise Period, on payment of the applicable Exercise Price and 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 Units (including those which Vest upon the Permanent Incapacity of the Grantee), within 2 (two) years from the date of separation of the Grantee on account of such Permanent Incapacity, failing which these shall lapse.
- 7.8** **In case of Retirement or superannuation:** Subject to 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) All Unvested Units, will continue to Vest as per applicable Vesting schedule outlined in the Letter of Grant; and subject to the terms of the Scheme 2023, including but not limited to satisfaction of the Performance Parameters.
- (ii) All Vested Units 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) after the Vesting Date and within the Exercise Period.
- (iii) All Unvested Units, upon death of the Grantee post retirement, shall Vest in their nominee(s)/ legal heir(s)/ successor(s) immediately on the date of death of the Grantee. Further, all the Units (including those which Vest upon the death of the Grantee post retirement) shall be exercised by the nominee(s)/ legal heir(s)/ successor(s) of the Grantee immediately or within the Exercise Period, on payment of the applicable Exercise Price and tax, failing which, these shall lapse.

**7.9 Treatment of Units held by Good Leavers or for termination without Cause:**

- (i) In the event of termination of employment of the Grantee, the Board Nomination and Remuneration Committee 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 of Grantee as a Good Leaver prior to the Vesting Date, the Board Nomination and Remuneration Committee may, in its sole discretion, accelerate the Vesting of some or all the Units Granted. The Vested Units shall be exercised by them after completion of the Performance Period, subject to the terms of the Scheme 2023, including but not limited to satisfaction of the Performance Parameters. Unvested Units, if any, shall be treated as lapsed Units respectively and shall be available for Grant, as provided under **Clause 3.4**.
- (iii) In the event of termination of employment of the Grantee as a Good Leaver, after the Vesting Date, then all the Vested Units shall be Exercised by them within the Exercise Period, failing which these shall lapse.

**7.10 In case of breach of Company/ Subsidiary Company (ies) Policies or Terms of Employment and other matters:** In the event of termination of the employment of a Grantee due to breach of Company/Subsidiary Company (ies) Policies/ Terms of Employment, all Units Granted to such Grantee, including the Vested Units which were not Exercised prior to such breach, shall stand terminated with immediate effect. The date of such breach shall be determined by the Board Nomination and Remuneration Committee, and its decision on this issue shall be final and binding on all concerned. Further, the Unit Granted but not Vested and the Vested Units 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 /Subsidiary Company (ies) Policies/ Terms of Employment or codes of the Company /Subsidiary Company (ies) 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 Board Nomination and Remuneration Committee. In the case of Units 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 Board Nomination and Remuneration Committee in its absolute discretion. Cancelled Units, if any, shall be treated as lapsed Units respectively and shall be available for Grant, as provided under **Clause 3.4**.

**7.11 In case of cessation of employment:** In the event of cessation of employment during the Performance Period, including on account of resignation by the Grantee, that is not covered within the scope of **Clauses 7.6, 7.7, 7.8, 7.9, 7.10** then all Unvested Units, shall expire and stand cancelled with effect from date of submission of the termination/ resignation notice.

**7.12** In the event a Grantee is transferred or deputed by the Company to a Subsidiary Company, the Units Granted to such Grantee shall Vest or be Exercised as per the terms of Grant under the Scheme 2023 and as specified in the Letter of Grant, even after such transfer or deputation.

All the provisions of **Clause 7.6, 7.7, 7.8, 7.9, 7.10 and 7.11** of this Scheme 2023 shall apply mutatis mutandis to this **Clause 7.12**.

**7.13 Compliance of post-employment obligations:** In the event the Board/BNRC determines that the Grantee has violated any of the post-employment obligations as set out in the employment agreement executed between the Grantee and the Company/ Subsidiary Company(ies), or the provisions set out in the Grant Letter, then all Units (Unvested and Vested) Granted to the Grantee, as on the date of such determination, shall expire and stand terminated with immediate effect and the Grantee will not be permitted to Exercise any rights in respect thereof.

## **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 Units (as the case may be) and becomes a registered holder of the Equity Shares.

**8.2** The Units 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 Units or the relevant Exercise Price or both would be made in accordance with **Clause 3.3** of the Scheme 2023 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, subsidiarization etc. or amalgamation of any other entity with the Company, the Board Nomination and Remuneration Committee would have the authority to alter all or any of the terms relating to the Grant or the Scheme 2023 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 Board Nomination and Remuneration Committee shall take appropriate actions, in accordance with Applicable Law, to endeavour that the total value of the Units remains the same after the aforesaid corporate actions and in this regard shall if necessary, arrange issuance of fresh Units/ shares of the Subsidiary Companies of the Company and/or resultant entities emerging due to such corporate actions.

- 8.5** Units shall not be transferable or assignable to any person except in the event of death of the Grantee, in accordance with **Clause 7.6** and **Clause 7.7** of this Scheme 2023.
- 8.6** No person other than the Grantee to whom the Unit are Granted shall be entitled to Exercise the Unit except in the event of the death or Permanent Incapacity of the Grantee.
- 8.7** Notwithstanding anything contained elsewhere in the Scheme 2023, the Company or the Board or the Board Nomination and Remuneration Committee will not be obliged to issue any Equity Shares upon Exercise of the Units or otherwise unless the issuance 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 Recognised 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** An Employee may surrender their Units (Vested and un-exercised and Unvested) at any time during their employment with the Company till the Scheme 2023 remains in effect. Any Employee willing to surrender their Units shall communicate the same, in writing, to the Board Nomination and Remuneration Committee. Thereafter, the surrendered Units shall lapse or expire with effect from the date of surrender and the underlying Equity Shares shall become available for future Grant in the form of Units as provided under **Clause 3.4**.

## **9. TRANSFERABILITY OF UNITS AND EQUITY SHARES**

Units Granted under this Scheme 2023 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 to the Grantee upon Exercise of the Units Granted pursuant to this Scheme 2023, unless otherwise specified. However, Employees are required to always adhere to Applicable Law, Company Policies/ Term of Employment 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) Company’s Code of Conduct and Insider Trading Code or

(c) other applicable restrictions for prevention of fraudulent and/or unfair trade practices relating to the securities market.

#### **10. LOCK-IN PERIOD**

There will be no lock-in restrictions with respect to the Equity Shares, which may be transferred upon Exercise of the Units Granted pursuant to this Scheme 2023.

#### **11. TAX LIABILITY**

The liability of paying tax, if any, on the Units Granted and exercised pursuant to the Scheme 2023 and the Equity Shares transferred pursuant to Exercise of Units shall be entirely on the Grantee (their 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 (their 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 Scheme 2023, the Board Nomination and Remuneration Committee, subject to Applicable Laws, shall have the power to amend or modify this Scheme 2023, 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 (their nominee(s)/ legal heir(s)/ successor(s) as the case may be) any of the tax obligations, as stated in **Clause 12** above, arising in connection with the Exercise of Unit thereof. The Company shall have no obligation to deliver the Equity Shares upon Exercise of the Units, 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 Board Nomination and Remuneration Committee will at its absolute discretion have the right to modify/amend the Scheme 2023 in such manner and at such time or times as it may deem fit, including determining the Performance Period, 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 Board Nomination and Remuneration Committee may revise any of the terms of the Scheme 2023 to meet any regulatory requirement without seeking shareholders' approval.

## **14. MISCELLANEOUS**

### **14.1 Regulations**

This Scheme 2023 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 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 Applicable Laws) such Equity Shares.

**14.3** The Grant of an Unit does not form part of the Grantee's entitlement to compensation or benefits pursuant to the 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 Unit Granted to them in respect of any number of Equity Shares or any expectation that an Unit might be Granted to them whether subject to any condition or at all.

**14.4** Neither the existence of this Scheme 2023 nor the fact that an individual has on any occasion been Granted an Unit shall give such individual any right, entitlement or expectation that they have or will in future have any such right, entitlement or expectation to participate in this Scheme 2023 by being Granted an Unit on any other occasion.

**14.5** The rights granted to a Grantee upon the Grant of an Unit shall not afford the Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of their 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 they may suffer by reason of being unable to Exercise an Unit in whole or in part.

**14.7** Nothing contained in the Scheme 2023 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 Scheme 2023 nor any action of the Board Nomination and Remuneration Committee shall be deemed to give an Employee any right to be Granted any Unit to acquire Equity Shares or to any other rights except as may be evidenced by a Letter of Grant.

**14.9** Participation in this Scheme 2023 shall not be construed as any guarantee of return on any investment. Any loss due to fluctuations in the market price of the Equity 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 Units 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 Board Nomination and Remuneration 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 Board Nomination and Remuneration Committee in this regard will be final and binding on all concerned.

**16. METHOD USED FOR VALUATION OF UNITS**

The Company shall value the Units 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 Scheme 2023 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 authorize 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 Scheme 2023 or any Grant made under the Scheme 2023. 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 Scheme 2023 shall be construed to prevent the Company from implementing any other new scheme, in accordance with Applicable Laws, for granting other employee share based benefits 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 Scheme 2023 or any Grant

made under the Scheme 2023. 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 Scheme 2023 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 Scheme 2023 shall be sent, in writing, at the address mentioned below with a copy to the Chief People Officer:

The General Counsel & Company Secretary  
Titan Company Limited  
Address: No.193, Integrity Building, Veerasandra, Electronic City Phase 1, Near Off Hosur Main Road, Bengaluru - 560100

E-mail: dineshshetty@titan.co.in

## **22. SEVERABILITY**

In the event that any term, condition or provision of this Scheme 2023 is held to be a violation of or contrary to Applicable Law, the same shall be severable from the rest of this Scheme 2023 and shall have no force and effect and this Scheme 2023 shall remain in full force and effect as if such term, condition or provision had not originally been contained in this Scheme 2023. In the event of any inconsistency between any of the provisions of this Scheme 2023 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 Scheme 2023 or the Grant, Vesting or Exercise shall be referred for arbitration to a sole arbitrator (not being an employee) to be appointed by the Board Nomination and Remuneration 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 Bengaluru, India and the proceedings shall be conducted in English.

## **24. GOVERNING LAW**

The terms and conditions of the Scheme 2023 shall be governed by and construed in accordance with the laws of India. Subject to **Clause 24**, the Courts in Bengaluru shall have the exclusive jurisdiction to settle any dispute.