



**Tata Motors Limited Share-based Long Term Incentive Scheme 2021
("TML SLTI Scheme 2021" or "the Scheme")**

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1 Name of the Scheme

This scheme shall be termed as the Tata Motors Limited Share-based Long Term Incentive Scheme 2021 (“TML SLTI Scheme 2021” or “the Scheme”). The Scheme will comprise of the following two reward mechanisms:

- (a) Performance Share Units (“PSUs”)
- (b) Stock Options (“Options”)

The PSUs and Options are being introduced with the following main objectives:

- i. To offer competitive compensation to attract and retain talent; and
- ii. To redefine the fixed and performance pay mix to drive a performance culture in the Company.

PSUs together with existing fixed pay and performance pay will comprise the total compensation being offered to select senior management employees of the Company. Options will be granted to select senior leaders that can make a significant difference to the Company’s performance to align their rewards directly to the Company’s performance. The value of the award can be realized only on superior business performance leading to superior share price performance over the said grant price.

The detailed terms and conditions of the Scheme have been formulated by the Nomination and Remuneration Committee at its meeting held on June 23, 2021. The Scheme has been approved by the Board of Directors at its meeting held on June 23, 2021 and approved by a special resolution passed by the members of the Company at the Seventy-Sixth Annual General Meeting held on July 30, 2021. The Scheme shall be effective from July 30, 2021.

2 Objectives of the Scheme

Tata Motors Limited (“the Company” or “TML”), a public limited company incorporated under the laws of India and having its registered office at Bombay House, 24 Homi Mody Street, Mumbai- 400001, has structured the Scheme for its Eligible Employees with the following major objectives:

- a) To drive long term objectives of the Company;
- b) To attract, motivate and retain employees by rewarding for their performance;
- c) Ring fence and incentivize key talent to drive long term objectives of the Company;
- d) To ensure that the senior management employees compensation and benefits match the long gestation period of certain key initiatives; and
- e) To drive ownership behavior and collaboration amongst employees.

These objectives are sought to be achieved through Grant of PSUs and/or Options to the Eligible Employees.

3 Definitions

In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against:

- 3.1. **“Abandonment”** means discontinuation of employment by an Employee without giving notice or without serving the notice period;
- 3.2. **“Acceptance Form”** shall mean the form (annexed hereto as Annexure 2) that the Grantee has to submit indicating his/her acceptance of the offer made to him/her to participate in the Scheme within the prescribed time limit specified in the Scheme;
- 3.3. **“Act”** means the Companies Act, 2013 and any rules, regulations, circulars or guidelines issued thereunder, as amended from time to time and shall, include any statutory replacement or re-enactment



thereof, if the context so requires and as may be applicable;

- 3.4. **“Aggregate Exercise Price”** shall mean the aggregate of the Exercise Price, taxes (wherever arising) and any other sums referred to in Clause 24 payable to the Company as per the Scheme in respect of Exercise of the PSUs/Options.
- 3.5. **“Allotment Committee”** or **“Committee”** shall mean a committee of Directors/Executives as constituted by the Nomination and Remuneration Committee from time to time and shall have the powers referred to in Clause 7 of the Scheme;
- 3.6. **“Applicable Laws”** shall mean laws of India to the extent applicable and as amended, modified and substituted from time to time. Accordingly, any actions taken hereunder shall be governed by and construed in accordance with the laws of India, without regard to the application of the conflicts of laws’ provisions thereof;
- 3.7. **“Associate Company”** means a company which has a significant influence in the Company, but which is not a subsidiary company of the Company having such influence and includes joint venture of the Company.

Explanation — For the purposes of this clause, the expression ‘significant influence’ means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement.

For the purpose of this clause, the expression ‘joint venture’ means an arrangement whereby the parties that have joint control of the arrangement have right to the net assets of the arrangement.

- 3.8. **“Beneficiary”** or **“Nominee”** means the person or persons, trust or trusts designated by the Participant in writing and by the Nomination Form (annexed hereto as Annexure 3) and such other persons as may be added from time to time to the class of beneficiaries by notice in writing and by the Nomination Form in the exercise of the powers conferred under the Scheme, or in the absence of any such designation by the Participant, a person or persons who is/are entitled by the will or probate of the Participant to receive the benefits specified in the Scheme, the legal heirs of the Participant, if the Participant dies intestate provided that such legal heir of such Grantee produces before the Company all such documents as may be required by the Company to prove the succession to the assets of the deceased Grantee and includes the Participant's executors or administrator, if no other Beneficiary is designated and able to act under the circumstances;
- 3.9. **“Board”** means the Board of Directors of the Company;
- 3.10. **“Closing Date”** means the last date by which the offer of PSUs/Options by the Company to a Grantee can be accepted. In case the last date is a non-working day, then it shall be the immediately following working day;
- 3.11. **“Company”** or **“TML”** means Tata Motors Limited, a company incorporated and registered under the Companies Act, 1913 having its registered office at Bombay House, 24 Homi Mody Street, Mumbai-400001;
- 3.12. **“Corporate Action”** includes rights issues, bonus issues, stock splits, consolidation of shares, merger, demerger, transfer of undertaking, sale of division or other capital re-organization which may result in any change in the capital structure of the Company, announced by the Company prior to the Exercise Period pertaining to the relevant PSUs and/or Options;
- 3.13. **“Director”** means a director appointed to the Board of the Company or its wholly owned subsidiary companies as defined in clause 3.53 below;
- 3.14. **“Employee”** means:
 - a) a permanent employee of the Company who has been working in India or outside India; or
 - b) a Whole Time Director;



- c) an employee as defined in clause (a) or (b) of a subsidiary, in India or outside India, of the Company;

But does not include-

- a) an employee who is a promoter or a person belonging to the promoter group.
 - b) a Director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company.
 - c) an Independent Director.
- 3.15. **“Eligible Employee”** means an Employee(s) who is eligible to participate in the Scheme as per Clause 4 of the Scheme;
- 3.16. **“Exercise”** means making of an application by the Participant/Beneficiary to the Company for issue of Shares against Vested PSUs/Options in pursuance of the Scheme and, in accordance with the procedure laid down by the Company, on payment of Aggregate Exercise Price;
- 3.17. **“Exercise Date”** means the date on which the notice of exercise is given by the Participant/ Beneficiary ;
- 3.18. **“Exercise Form”** means the letter (annexed hereto as Annexure 4) by which exercise of a PSU/Option is communicated by the Participant to the Company;
- 3.19. **“Exercise Period”** means the time period after Vesting within which the Participant/Beneficiary should Exercise their right to apply for Shares against the Vested PSUs/Options in pursuance of the Scheme;
- 3.20. **“Exercise Price”** means the price payable by the Participant for exercising the Vested PSUs/Options granted to him in pursuance of the Scheme;
- 3.21. **“General Meeting”** means a General Meeting (including an Extraordinary General Meeting and voting by way of Postal Ballot) of the Shareholders of the Company held in accordance with the Articles of Association of the Company and the Applicable Laws;
- 3.22. **“Grant”** means the process by which the Company issues PSUs/Options to the Grantee(s) under the Scheme;
- 3.23. **“Grant Date”** means the date on which the Grant of PSUs/Options made to the Grantee(s) is approved by the NRC under the Scheme;
- 3.24. **“Grant Letter”** means the letter (annexed hereto as Annexure 1) by which Grant of a PSU/Option is communicated to the Grantee by the Company;
- 3.25. **“Grantee”** means an Eligible Employee pursuant to Clause 4 below at the time of Grant of PSU/Option;
- 3.26. **“Group”** means two or more companies which, directly or indirectly, are in a position to
- a) exercise twenty-six per cent or more of the voting rights in the other company; or
 - b) appoint more than fifty per cent of the members of the board of directors in the other company; or
 - c) control the management or affairs of the other company;
- 3.27. **“Independent Director”** means a Director who is an Independent Director within the meaning of Section 149(6) of the Act and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- 3.28. **“Long Leave”** refers to the period of leave taken by an Employee without pay for a period of not more than one year in line with the Company’s Sabbatical Policy;
- 3.29. **“Nomination and Remuneration Committee”** or **“NRC”** means the Committee constituted by the Company as per the provisions of Section 178 of the Act and Regulation 19 of the SEBI (Listing Obligations



and Disclosures Requirement) Regulations, 2015 and authorized by the Board for administration and superintendence of the Scheme.

- 3.30. “Option” means the option given to the Eligible Employee of the Company which gives the Employee a right to subscribe at a future date, the Shares offered by the Company, at the Exercise Price;
- 3.31. “Participant” means a Grantee who accepts the Grant from the NRC to participate in the Scheme pursuant to Clause 10 of the Scheme;
- 3.32. “Performance Share Unit” or “PSU” means the performance share units granted to the Eligible Employee of the Company which gives the Employee a right to subscribe at a future date, the Shares offered by the Company at the Exercise Price;
- 3.33. “Permanent Incapacity” means any disability of whatsoever nature, be it physical, mental or otherwise, which results in complete loss of earning capacity and 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/NRC based on a certificate of a medical expert identified by the Board/NRC;
- 3.34. “Promoter” shall have the meaning as given under Regulation 2(1)(u) of the SBEB Regulations;
- 3.35. “Promoter Group” shall have the meaning as given under Regulation 2(1)(v) of the SBEB Regulations;
- 3.36. “Relative” means a relative as defined under Section 2(77) of the Act;
- 3.37. “Retirement” means retirement of an Employee from the services of the Company or its WOS as per the rules of the Company/its WOS and includes Early Retirement;
- 3.38. “SBEB Regulations” refers to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 issued by the Securities and Exchange Board of India (“SEBI”) under the SEBI Act, 1992 as amended from time to time and the circulars, notifications, clarifications, FAQs, etc. issued by SEBI in this regard;
- 3.39. “Scheme” means the Tata Motors Limited Share-based Long Term Incentive Scheme 2021 and shall include any alterations, amendments, additions, deletions, modifications, or variations thereof from time to time;
- 3.40. “Share” means Ordinary Share of the Company of the face value of ₹2 each to be allotted to the Participants on exercise of PSUs and/or Options which shall rank *pari-passu* with the existing Ordinary Shares;
- 3.41. “Shareholder” means the registered holder of a Share in the share capital of the Company;
- 3.42. “Stock Exchange” means the BSE Limited and National Stock Exchange of India Limited where the Shares of the Company are currently listed;
- 3.43. “Subsidiary company” or “subsidiary” means a subsidiary company as defined under Section 2(87) of the Act;
- 3.44. “Tata Company” means any Company which has subscribed to the Tata Brand Equity & Business Promotion Agreement.
- 3.45. “Termination Date” means the date of termination of employment of the Participant/ Grantee with the Company or its WOS
- 3.46. “Unvested Option” means an Option, which is not a Vested Option and does not include Options which are unexercised on the expiration of the Vesting Period, or have been forfeited or have lapsed or been cancelled;
- 3.47. “Unvested Performance Share Unit” or “Unvested PSU” means a PSU, which is not a Vested PSU and does not include PSUs which are unexercised on the expiration of the Vesting Period, or have been forfeited or have lapsed or been cancelled;



- 3.48. **“Vested Option”** means an Option, which has vested in pursuance of Clause 11 of the Scheme with the Participant/ Beneficiary and has thereby become exercisable;
- 3.49. **“Vested Performance Share Unit”** or **“Vested PSU”** means a PSU, which has vested in pursuance of Clause 11 of the Scheme with the Participant/ Beneficiary and has thereby become exercisable;
- 3.50. **“Vesting”** means the process by which the Participant/Beneficiary becomes entitled to apply for Shares against the PSU and/or Option granted to the Grantee in pursuance of Clause 11 of the Scheme;
- 3.51. **“Vesting Date”** means the respective dates on and from which the PSU/Option Vests with the Participant/Beneficiary and thereby becomes exercisable under the Scheme;
- 3.52. **“Vesting Period”** means the period during which the vesting of PSU and/or Option granted under the Scheme takes place;
- 3.53. **“Wholly owned subsidiary”** or **“WOS”** of the Company means a company in which TML directly or indirectly holds 100% equity interest and currently means the three companies viz. (1) TML Business Analytics Services Limited (name proposed to be changed to Tata Motors Passenger Vehicles Limited); (2) TML Business Services Limited (name changed from Concorde Motors (India) Limited); and (3) TML Distribution Company Limited, for the purposes of the Scheme. The Board/NRC shall have power to extend the applicability of this Scheme to other subsidiary companies/WOS from time to time.
- 3.54. **“Misconduct”** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the offer or terms of employment amounting to violation or breach of terms of employment as determined by the NRC after giving the Employee an opportunity of being heard, wherever required:
- a. committing of any act warranting summary termination under law; or
 - b. conduct which in the reasonable opinion of the NRC amounts to a serious breach by a Grantee of the obligation of trust and confidence to his employer; or
 - c. a finding by the NRC that an Employee has committed any material or consistent breach of any of the terms or conditions of the Employee service agreement including any willful neglect of or refusal to carry out any of his duties or to comply with any instruction given to him by the Company or WOS or Associate Company of the Company/WOS; or
 - d. being convicted of any criminal offence; or
 - e. being disqualified from holding office in the Company or any other company under any legislation or being disqualified or disbarred from membership of, or being subject to any serious disciplinary action by, any regulatory body within the industry, which undermines the confidence of the NRC in the individual's continued employment; or
 - f. having acted or attempted to act in any way which in the opinion of the NRC has brought or could bring the Company or any other member of the group into disrepute or discredit;
 - g. breach or violation of any Company or WOS or Associate Company of the Company/WOS policies/terms of employment; and
 - h. Any other act or omission not included above, but defined as misconduct in the Company's or WOS or Associate Company of the Company/WOS rules or Employee handbook and / or employment agreement and/or appointment letter.

Construction

- a) Clause reference is to the clauses of this Scheme.
- b) The headings/ subheadings/ titles/ subtitles are only for the sake of convenience and shall not be



interpreted to restrict or otherwise affect the meaning or import of the clauses, which shall be interpreted solely in light of the contents thereof.

- c) Where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.
- d) Any reference to 'writing' includes printing, typing, lithography and other means of reproducing words in visible form.
- e) The term 'including' shall mean 'including without limitation', unless otherwise specified.
- f) Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.
- g) Unless the context otherwise requires, words denoting the masculine gender shall include the feminine gender and words denoting singularity shall include the plural and vice versa.
- h) Words and expressions used and not defined in the Scheme but defined in the Applicable laws and any statutory modification or reenactment thereto, shall have the meanings respectively assigned to them in those legislation.

4 Eligibility

- 4.1. The following Employees, as may be decided by the NRC, shall be granted PSUs and/or Options under the Scheme:

- 4.1.1. Eligible Employees for PSUs: Whole-time Directors and employees of the Company and WOS, as defined in clause 3.53, in the levels of LC, L1, L2 and L3 and its equivalent to the Company, on the grant date for PSUs;
- 4.1.2. Eligible Employees for Options: Whole-time Directors and employees of the Company and WOS, as defined in clause 3.53, in the levels of LC and L1 and its equivalent to the Company and employees falling in the above level by way of new appointments or promotions, on the grant date for Options.

The above is the initial identification and the NRC shall determine the Eligible Employees under the Scheme from time to time.

- 4.2. As per SBEB Regulations, the following category of employees/directors shall not be eligible to participate in the Scheme:

- 4.2.1. An employee of the Company or its subsidiary companies, who is a promoter or belongs to the promoter group;
- 4.2.2. A director of the Company or its subsidiary companies, who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company; and
- 4.2.3. Independent Directors of the Company or its subsidiary companies

- 4.3. Based on the eligibility criteria as described in Clause 4.1 above, NRC would Grant the PSUs and/or Options to the identified Employees under the Scheme in line with the powers/role as mentioned in clause 6 below.

5 Implementation and Administration of the Scheme

- 5.1. The Scheme shall be directly implemented by the Company through the primary route by issue of new Shares. The Company would not be providing any loan for implementation of the Scheme.
- 5.2. The Scheme shall be administered by the NRC under the powers delegated by the Board. The NRC is authorized to interpret the Scheme, to establish, amend and rescind any rules and regulations relating to the Scheme, and



to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme. The NRC may correct any defect, omission or reconcile any inconsistency in the Scheme in the manner and to the extent the NRC deems necessary or desirable and to resolve any difficulty in relation to implementation of the Scheme and take any action which the Board is entitled to take.

- 5.3. No member of the NRC may act upon matters under the Scheme specifically relating to such member.
- 5.4. Any decision of the NRC in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Employee, Grantee, Participant/Nominee and their Beneficiaries and successors). The NRC shall not be liable for any action or determination made in good faith with respect to the Scheme or any PSU and/or Option granted thereunder.

6 Role of the Nomination and Remuneration Committee (NRC)

- 6.1. The NRC shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Company and its eligible Employees, as applicable.
- 6.2. The NRC shall, from time to time, in addition to the detailed terms and conditions laid down in the Scheme and the Applicable Laws, have the authority to:
 - a) Identify the Grantees and decide on the number of PSUs and/or Options to be granted to the Grantees (including deciding different number of PSUs and/or Options to be granted to an Eligible Employees at same work level) in consultation with the management of the Company;
 - b) Determine the Grant Date, Exercise Period and Exercise Date;
 - c) Formulate the detailed terms and conditions to determine the Exercise Period within which the Eligible employee can exercise the PSUs and/or Options and that the PSUs and/or Options would lapse on failure to exercise the same within the Exercise Period;
 - d) Formulate the detailed terms and conditions in relation to the right of an Eligible Employee to exercise all the PSUs and/or Options, as the case may be, Vested in him at one time or at various points of time within the Exercise Period;
 - e) Determine the terms and conditions, not inconsistent with the terms of the Scheme, of any PSU and/or Option granted hereunder;
 - f) Determine the procedure for making a fair and reasonable adjustment to the number of PSUs and/or Options and to the Exercise Price in case of Corporate Actions announced by the Company prior to the Exercise Period pertaining to the relevant PSUs and/or Options taking into consideration, *inter alia* the following:
 - i) the number and price of PSUs and/or Options shall be adjusted in a manner such that total value to the Eligible Employees of the PSUs and/or Options remains the same after the Corporate Action; and
 - ii) the Vesting Period and the life of the PSUs and/or Options shall be left unaltered as far as possible to protect the rights of the Eligible Employee(s) who are granted such PSUs and/or Options;
 - g) Approve cashless exercise of the vested PSUs and/or Options by adjusting for the exercise price, applicable taxes and other amounts including any transaction fees and shall provide necessary procedures and/or mechanism for exercising such PSUs and/or Options subject to applicable laws, rules and regulations.



- h) Determine the conditions in which Vested PSUs and/or Options or Unvested PSUs and/or Options or PSUs and/or Options Exercised may be withdrawn or reduced;
- i) Determine the treatment of the PSUs and/or Options held by an Eligible Employee in case of suspension/termination of services or in case of any inquiry for a Misconduct in relation to that Eligible Employee;
- j) Formulate the detailed terms and conditions under which the PSUs and/or Options may vest to Eligible Employees and may lapse in case of termination of employment for Misconduct;
- k) Formulate the detailed terms and conditions for the grant, vesting and exercise of PSUs and/or Options in case of Eligible Employees who are on long leave;
- l) Resolve any issue that arises in the operationalization of the Scheme and ensure smooth and proper operationalization of the Scheme, as per the Applicable Laws;
- m) Perform such other functions and duties as shall be required under the Applicable Laws;
- n) Power to make changes in the Scheme document, which is not detrimental to the Employee, subject to clause 29 below; and
- o) Convey to the Participant/ Nominee that the Shares shall be subject to set-off or counterclaim of amounts owed by the Participant/ Nominee to the Company, if any, to the extent permitted under Applicable Laws.

6.3. NRC may delegate the above stated powers to any Director/Executive or Committee to the extent it may consider necessary or beneficial for administration of the Scheme.

7 Role of the Allotment Committee

- 7.1. The Committee shall consist of one Director, Chief Human Resource Officer ("CHRO"), Chief Financial Officer ("CFO") and the Company Secretary ("CS").
- 7.2. The Committee, shall from time to time, in accordance with the terms and conditions laid down in the Scheme and the Applicable Laws, have the authority:
 - 7.2.1. To allot Shares pursuant to the Exercise of PSUs /Options by the Participants;
 - 7.2.2. To authorize Directors/Company Executives for allotment of Shares in dematerialized Form.
 - 7.2.3. To authorize Company Executives to sign the listing application and any other document, agreement, undertaking of any kind for getting the Shares so allotted, listed on the Stock Exchanges and also for the purpose of admitting the Shares for Electronic trading through the National Securities Depositories Limited and Central Depository Services (India) Limited; and
 - 7.2.4. To do all such acts, deeds, matters and things as may be necessary or expedient and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Shares so allotted without requiring the Committee to secure any further consent or approval of the members of the Company.
- 7.3. NRC shall have the power to vary the constitution and the authorities delegated to the Committee, from time to time, to the extent it may seem necessary or beneficial for administration of the Scheme.
- 7.4. No member of the NRC or the Allotment Committee shall be personally liable for any decision or action made in good faith with respect to the Scheme; and
- 7.5. The NRC and the Allotment Committee members shall however abstain from participating in and deciding matters that directly affect their individual ownerships under the Scheme. In such a case, the deciding authority shall rest with the Board of Directors.



8 Share Pool

8.1. Subject to Clause 22 below:

8.1.1. In case of PSUs:

- not exceeding 75,00,000 PSUs may, in aggregate, be granted that would entitle the Grantees to acquire, in one or more tranches, not exceeding 75,00,000 Shares fully paid-up representing 0.198% of the issued share capital of the Company.
- The number of PSUs that may be granted to an Eligible Employee in any one year would not exceed 25,00,000.
- The number of PSUs to be granted to Eligible Employees will be determined based on Long Term Incentive Pay to be awarded to Eligible Employees divided by the Closing Market Price of the Shares prior to the Board Meeting date (i.e. Closing price as on 22 June 2021 - ₹338) for grant in FY 2021-22 and by the Closing Market Price of the Shares on the National Stock Exchange of India Limited one day prior to the NRC Meeting date for approval of grants in FY 2022-23 and FY 2023-24 respectively.

8.1.2. In case of Options:

- not exceeding 14,00,000 Options may, in aggregate, be granted that would entitle the Grantees to acquire, in one or more tranches, not exceeding 14,00,000 Shares fully paid-up representing 0.037% of the issued share capital of the Company.
- The number of Options that may be granted to an Eligible Employee under the Scheme in any one year would not exceed 14,00,000.

8.1.3. The maximum number of Shares that may be issued/allotted pursuant to Exercise of PSUs and/or Options granted to a Participant/Beneficiary in aggregate, shall not exceed 3,47,000 Shares fully paid-up representing 0.009% of the issued share capital of the Company, for each year of the Scheme.

8.2. Notwithstanding the foregoing provisions of Clause 8.1, a PSU and/or Option granted under the Scheme which remains unexercised at the expiration of 12 month from date of Vesting, or are not entitled for vesting or forfeited or lapsed or cancelled shall not be added back to the number of PSUs and/or Options that are pending to be granted.

8.3. The share pool under clauses 8.1 and 8.2, is expected to cater to annual grant of PSUs and/or Options for a period of 3 years and all such options would lapse if not granted within the period of 3 years.

9 Grant of Options

9.1. Subject to clauses 4.1 and 8.1 above, NRC shall offer the PSUs and/or Options to a Grantee in accordance with the terms and conditions of the Scheme each year.

9.2. PSUs may be granted to eligible employees every year. The Options may be granted to eligible employees after every 3 years, subject to the approval of the shareholders for any period beginning after the 3rd year. PSUs and /or Options may be granted to the eligible Employees falling in Clause 4.1 above by NRC post July 30, 2021.

9.3. The Grant of the PSUs and/or Options approved by the NRC shall be communicated to the Grantee in writing (physical/electronic) within a period of 15 days by a Grant Letter, (stating, *inter alia*, the number of PSUs and/or Options Granted, the Exercise Price and the Closing date of accepting the Grant as per the Scheme) along with the Certified true copy of the Scheme, Blank Acceptance Form and Blank Nomination Form.

9.4. The Closing Date shall be 30 days from the date of the Grant Letter unless otherwise notified by the NRC.



- 9.5. An offer made under this Clause is personal to the Grantee and cannot be transferred in any manner whatsoever.
- 9.6. Grant of a PSU/Option under this Scheme does not give an automatic right to an Eligible Employee for further grant of PSUs/Options or benefits under any future scheme of the Company.

10 Acceptance of Grant

- 10.1. Upon receipt of a duly completed Acceptance Form (physical or electronic) from the Grantee in respect of the Grant before the Closing Date, the Grantee shall become a Participant.
- 10.2. No amount is payable by the Participant at the time of acceptance.
- 10.3. Subject to the terms contained herein, the acceptance in accordance with this Clause of a Grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each PSU/Option shall, on such acceptance, be an Unvested PSU/Option.
- 10.4. The Grant of PSUs/Options to any Grantee, who fails to return the Acceptance Form (physical or electronic) within the time prescribed in the Grant Letter, or the Acceptance Form is received by the Company after the Closing date, the PSUs and/or Options granted to such Grantee shall not be valid and the PSUs and/or Options granted will stand cancelled unless the NRC determines otherwise.

11 Vesting of Options

- 11.1. Subject to Clause 11.9 and Clause 15 below and continued employment of the Participant in TML or any Tata Company on the date of Vesting, all the Unvested PSUs/Options shall vest with the Participant in accordance with this clause.
- 11.2. The number of PSUs/Options that would vest with the Participants would be determined by the NRC based on the Company's performance (TML Standalone including joint operations) on certain performance matrices (such as market share, EBIT and cash flows) in 3 preceding financial years.
- 11.3. The above mentioned 3 performance parameters would have an equal weightage and the quantum of PSUs / Options would be adjusted as under:

Particulars	Below Threshold	Threshold	Target	Maximum
Company Performance Outcome vis a vis target	<80%	80%	100%	>120%
Recommended vesting as % of target	50%	50%	100%	120%

The vesting percentage will be prorated for the Company performance values of between Threshold (80%) performance and Maximum (120%) performance. Respective business unit people to be rewarded basis their BU's performance.

- 11.4. A discretionary adjustment factor of +/-20% can be used by the NRC to adjust for Quality of Results (QOR) achieved by the Company i.e., $\text{Approved vesting\%} = \text{Recommended Vesting\% (as above)} * (1 + \text{QOR Factor})$.
- 11.5. The NRC may at its sole discretion at any time, but before the commencement of the block of 3 years, change the performance parameters referred to in Clause 11.2 above based on business requirement and market conditions provided that any change done by NRC is not detrimental to the interest of the employees.
- 11.6. For any additional PSUs and/or Options arising out of the adjustment referred to in Clauses 11.3 and 11.4 above, there will be a minimum vesting period of one year. For example: an employee was granted 100 Options. After 3 years, the actual vesting is at 120% and hence employee is eligible for vesting of 120 Options. While the original 100 options out of 120 options would vest after 3 years of grant, for the additional 20 Options, there will be a minimum vesting period of one year.
- 11.7. All the PSUs and/or Options would vest, based on the Company's performance, within a period of 3 years from the date of Grant of such PSUs and/or Options (for example, the grants made in 2021 shall vest in 2024, grants



made in 2022 shall vest in 2025 and so on and so forth) where after the Participants would have the right to subscribe to the Shares during the Exercise Period. PSUs /Options shall vest in whole numbers such that the number of Vested PSUs/Options is rounded up to the nearest one.

The NRC may extend the Vesting Date for the Options to Vest by a period not more than 2 months.

- 11.8. Notwithstanding anything mentioned in the Scheme, PSUs/Options which are not vested shall automatically lapse after the Vesting Date and the contract referred to in Clause 10.3 above shall automatically be terminated without surviving any rights/liabilities for any Participant or the company in respect of such PSUs/Options.
- 11.9. Subject to the SEBI regulations as applicable and any other applicable law, and unless the Board/NRC decides otherwise, no PSU/Option shall vest in a Participant, if such Participant carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Board/NRC in this regard shall be final and conclusive and cannot be called in question by the Participant. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Participant.
- 11.10. The Participant/Beneficiary shall not have the right to receive any dividend or right to vote or in any manner enjoy the benefits of a Shareholder in respect of the PSUs and/or Options granted/vested, till the Shares are issued upon exercise of PSUs and/or Options.

12 Exercise Price

- 12.1. The Exercise Price for PSUs shall be ₹2/- (Rupees Two Only) per PSU, i.e. at the face value of the underlying Share of the Company.
- 12.2. The Exercise Price for Options shall be ₹338/- (Rupees Three Hundred and Thirty Eight Only) per Option i.e. equivalent to closing market price of the Shares on the National Stock Exchange of India Limited on June 22, 2021 (one day prior to the Board Meeting date for approving the Scheme).
- 12.3. The Exercise Price and the number of PSUs and/or Options granted may be adjusted for any Corporate Action(s) announced by the Company prior to the Exercise Period pertaining to the relevant PSUs/Options, as may be decided by the Board/NRC. The adjustment shall be separately intimated to the Participants.
- 12.4. The Aggregate Exercise Price shall be paid in full upon the Exercise of the Vested PSUs and/or Options. Payment must be made by one of the methods specified in Clause 14.3 of the Scheme.

The NRC may also approve cashless exercise of the vested PSU/Options by adjusting for the exercise price, applicable taxes and other amounts including any transaction fees.

13 Exercise Period

The Exercise Period would commence from the date of Vesting of PSUs and/or Options and will expire at the end of twelve months from the date of vesting of PSUs and/or Options respectively, except for the events mentioned in clauses 15.1 and 15.2 below. NRC may extend the Exercise Period by a further period of two years, as it may deem fit.

14 Exercise of PSU / Options and Allotment of Shares

- 14.1. The Participant/Nominee can Exercise the Vested PSUs and/or Options, in full or in parts, within the Exercise Period as per the Scheme.
- 14.2. No Vested PSU/Option shall be exercisable in fractional form.
- 14.3. A Vested PSU/Option shall be deemed to be validly exercised only when the Company receives duly completed



and signed Exercise Form (physical or electronic) from the Participant/Beneficiary and the full payment of the Aggregate Exercise Price with respect to the PSUs/Options exercised by any of the following methods:

- i) Cheque or demand draft issued in the name of “Tata Motors Limited SLTI Scheme 2021”; or
 - ii) Remittance directly from the Participant’s bank to the bank account of “Tata Motors Limited SLTI Scheme 2021” (wire transfer); or
 - iii) Any combination of such methods of payment or any other method acceptable to the Board/NRC at its sole discretion.
- 14.4. Exercise of the Vested PSUs/Options shall take place by executing such documents as may be required under the Applicable Laws for the Company to pass a valid title of the relevant Shares to the Participant/Nominee, free and clear of any liens, encumbrances and transfer restrictions.
- 14.5. The Committee shall endeavor to ensure that the process of allotment/ transfer of Shares to the Participant/Beneficiary who has validly exercised his Vested PSUs/ Options is completed within a reasonable time from the time of receiving a duly completed and signed Exercise Form by the Committee.
- 14.6. Notwithstanding anything else contained in the Scheme if the Participant/Nominee does not Exercise his Vested PSUs/Options within the time specified in Clause 13 above and Clause 15 below, the PSUs/Options shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for Participant or the Company or WOS or Associate Company of the Company/WOS.
- 14.7. Subject to the SEBI Regulations, and unless the Board/NRC decides otherwise, no Participant shall be entitled to make an Exercise, if such Participant carries on or engages in, directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever, whether for profit or otherwise, any business which competes directly or indirectly with the whole or any part of the business carried on by the Group or any activity related to the business carried on by the Group. Decision of the Board/NRC in this regard shall be final and conclusive and cannot be called in question by the Participant. For the sake of clarity, the restriction contained in this Clause shall not apply to any investment held as a portfolio by the Participant.
- 14.8. Only upon allotment/transfer of the Shares, the Participants/Nominees shall become members of the Company.
- 14.9. Under the Scheme, the Company will issue fresh Shares as and when the Vested PSUs and/or Options are exercised by the Participant/Beneficiaries.
- 14.10. Subject to clause 13 of the Scheme, the Shares would be allotted within a period of 60 days from the date of exercise.
- 14.11. Subject to the adjustment(s) stated in clause 12.3 above, neither the Participant/Grantee/Beneficiary shall have any rights of a shareholder of the Company (for example: voting rights, dividend rights, bonus or right shares, etc.) with respect to the PSUs/Options granted until the same are Exercised and the Shares are issued by the Company in accordance with this Scheme.

15 Discontinuation of Employment

15.1. On death of a Participant

In the event of death of a Participant while in employment with the Company or its WOS or Associate Company of the Company/WOS, subject to the Scheme, all the PSUs and/or Options granted to him till such date, whether Vested or lying Unvested shall immediately Vest in the Beneficiary (i.e. Nominee) of the deceased Participant on the date of death of the Participant. Provided that where the employee has not appointed a Nominee then all the PSUs and/or Options granted to him till such date and lying Unvested shall be exercisable by the legal heirs/successors of such Participant, however to exercise such PSUs and/or Options the legal heirs/successors shall first be required to produce to the Company all such documents/indemnities as may be required



by the Company to prove succession to the assets of the deceased Participant. All the Vested PSUs and/or Options shall be permitted to be exercised in accordance with Clause 14 above within 12 months from the date of Vesting or before the expiry of the Exercise Period as per Scheme whichever is earlier unless the NRC decides otherwise. Any Vested PSUs and/or Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the company or WOS or Associate Company of the Company/WOS.

There shall be no further obligation of the Company or the NRC towards the Nominee/legal heir as the case may be with regard to the PSUs and/or Options.

15.2. On Permanent Incapacity of Participant

In case the Participant suffers a Permanent Incapacity while in employment, all the PSUs and/or Options granted to him till such date of permanent incapacitation and lying Unvested, shall Vest in him on the date of permanent incapacitation subject to Clause 14 above. All the Vested PSUs and/or Options shall be permitted to be exercised in accordance with Clause 14 above within 12 months from the date of permanent incapacity or before the expiry of the Exercise Period as per the Scheme, whichever is earlier unless the Board/NRC decides otherwise. In case 1-year period between grant and vesting of PSUs/Options is not completed before the Participant becomes permanently incapacitated, then all the PSU's/Options will lapse. Any Vested PSUs/Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for the Participant or the Company or WOS or Associate Company of the Company/WOS.

15.3. On Resignation

In case the employment of the Participant with the Company or its WOS is discontinued due to resignation by Participant, all Unvested PSUs/Options with the Participant as on the end of working hours of the last working day shall lapse and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the Company or WOS. All the Vested PSUs/Options shall be permitted to be exercised in accordance with Clause 14 above on or before the last working day or before the expiry of the Exercise Period as per the Scheme, whichever is earlier unless the Board/NRC decides otherwise. In case 1-year period between grant and vesting of PSUs/Options is not completed before the Participant resigns, then all the PSU's/Options will lapse. Any Vested PSUs/Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for the Participant or the Company or WOS in respect of such PSUs and/ or Options.

15.4. On Termination

In case the employment of a Participant is terminated on account of Misconduct as defined at clause 3.54 or any other reason by the Company or its WOS , all PSUs and/or Options (Vested as well as Unvested) shall stand automatically forfeited on the Termination Date (end of working hours on the last working day) and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the Company or WOS in respect of such PSUs/Options.

15.5. On Retirement

A Grantee, whose tenure of service is liable to Retirement or have taken Voluntary Retirement before the Vesting Period, shall be granted PSUs and/or Options eligible as per the Scheme. 50% of all Unvested PSUs/Options will vest on the retirement date.



All the Vested PSUs/Options shall be permitted to be exercised in accordance with Clause 14 before the expiry of the Exercise Period as per the Scheme. In case 1-year period between grant and vesting of PSUs/Options is not completed before the Participant's retirement, then all the PSUs/Options will lapse. Any Vested PSUs/Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the Company or WOS or Associate Company of the Company/WOS in respect of such PSUs/Options.

15.6. On Abandonment

In case the termination of employment of a Participant is due to Abandonment, all PSUs and/or Options (Vested as well as Unvested) shall stand automatically forfeited on the Termination Date and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the company or WOS or Associate Company of the Company/WOS. The Board/NRC, at its sole discretion shall decide the date of cancellation of PSUs/Options and such decision shall be binding on all concerned.

15.7. On Transfer within the group

15.7.1 On Transfer to a Tata Company being an Associate Company of Tata Motors Limited or of WOS of Tata Motors Limited as defined in clause 3.53

In case the employment of the Participant with the Company or WOS is discontinued due to transfer to a Tata Company being an Associate Company of Tata Motors Limited or of WOS of Tata Motors Limited after the Grant of PSUs and/or Options but before Vesting, then the PSUs and/or Options would vest with the Participant on pro-rata basis for the period served with the Company or WOS of the Company, subject to the Participant continuing to serve an Associate Company of Tata Motors Limited or of WOS of Tata Motors Limited on the date of Vesting. In case 1 year period between grant and vesting of PSUs/Options is not completed before the employment of the Participant with the Company or WOS is discontinued due to transfer mentioned aforesaid, the PSUs/Options will lapse. All the Vested PSUs/Options shall be permitted to be exercised in accordance with Clause 14 above before the expiry of the Exercise Period as per the Scheme. Any Vested PSUs/Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the Company or WOS or Associate Company of the Company/WOS in respect of such PSUs/Options.

15.7.2 On transfer to a Tata Company not being an Associate Company of Tata Motors Limited or of WOS of Tata Motors Limited as defined in clause 3.53

In case the employment of the Participant with the Company or WOS of Company as defined in clause 3.53 is discontinued due to transfer to a Tata Company not being an Associate Company of Tata Motors Limited or of WOS of Tata Motors Limited as defined in clause 3.53 after the Grant of PSUs/Options but before Vesting, then the PSUs/Options would vest with the Participant on pro-rata basis for the period served with the Company and WOS of the Company as defined in clause 3.53 on the last day of his service in the Company or WOS as the case may be. In case 1 year period between grant and vesting of PSUs/Options is not completed before the employment of the Participant with the Company is discontinued due to transfer mentioned aforesaid, the PSUs/Options will lapse. All the Vested PSUs/Options shall be permitted to be exercised in accordance with Clause 14 above before the expiry of the Exercise Period as per the Scheme. Any Vested PSUs/Options not exercised within this aforesaid period shall automatically lapse at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/ liability for the Participant or the Company or WOS in respect of such PSUs/Options.



15.8. Other

In case the employment of the Participant with the Company is discontinued for any reason other than those specified above, all Unvested PSUs/Options with the Participant shall lapse on the Last Working Day and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for the Participant or the Company or WOS or Associate Company or its wholly owned subsidiary. Unless the NRC decides otherwise, the Participants can Exercise all the Vested PSUs/Options in accordance with Clause 14 above on or before the date on which he is relieved from the company or before the expiry of the Exercise Period, whichever is earlier. Any Vested PSUs/Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for the Participant or the company or WOS or Associate Company of the Company/WOS. However, the NRC may at its discretion waive such forfeiture wholly or partly.

- 15.9. The rights granted to Participant upon the grant of a PSU/Option shall not afford the Participant any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Company or Tata Company for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

16 Long Leave

In case the Participant is on Long Leave at any time during the period of Grant of PSUs and/or Options till the Vesting Date, then the PSUs and/or Options would be granted or vested on a pro-rata basis for the period (after adjusting the period of Long Leave).

Such pro-rata PSUs/Options shall continue to vest in accordance with Clause 11. The PSUs/ Options which will be exercisable during the Exercise Period and any Vested PSUs/Options not exercised within this aforesaid period shall lapse and stand forfeited at the end of the aforesaid period and the contract referred to in Clause 10.3 above shall stand automatically terminated without surviving any right/liability for the Participant or the company or WOS or Associate Company of the Company/WOS in respect of such PSUs/Options.

17 Notices and correspondence

- 17.1. Any notice required to be given by a Participant/Nominee to the Company/Board/NRC/Committee or any correspondence to be made between a Participant/Nominee and the Company/Board/NRC/Committee shall be addressed/emailed, unless otherwise notified by the NRC in writing, to:

(i) The HR Team at the address mentioned below:
Manager, Compensation & Benefits, Corporate Human Resources
Tata Motors Limited,
Geetanil, 13/19, Nagindas Master Road,
Hutatma Chowk, Mumbai 400001
nitin.sansare@tatamotors.com; 91-22-66561743; and

(ii) The Company Secretary at the address mentioned below:
Company Secretary
Tata Motors Limited
Bombay House, 24,
Homi Mody Street, Mumbai- 400001
secretarial.esop@tatamotors.com; 91-22-66657219

- 17.2. Any notice, required to be given by the Company to a Participant/ Nominee or any correspondence to be made between the Company and a Participant/ Nominee shall be given or made by the Company at the address/email provided by the Participant in his Acceptance Form or Nomination Form.



18 Lock-in

The Shares allotted/transferred pursuant to the Exercise of the Vested PSUs and/or Options under Clause 14 above with the Scheme shall not be subject to lock-in.

19 Beneficiary/Nominee designation

Each Participant under the Scheme may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit accrued to such Participant under the Scheme is to be delivered in case of his or her death before he or she receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Participant, shall be in the Nomination Form and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime.

20 Non-transferability of Options

The PSUs and/or Options granted herein, are personal to the Participant. The PSUs and/or Options cannot be assigned, alienated, pledged, attached, hypothecated, sold or otherwise transferred or encumbered by the Participant/Nominee otherwise than by will or by the laws of descent, to the extent permitted under the Applicable Law, and any purported assignment, alienation, pledge, attachment, sale, transfer, or encumbrance not permitted herein shall be void and unenforceable against the Company.

21 Transferability of Shares

Any Participant/Beneficiary who wishes to sell/transfer the Shares acquired pursuant to Exercise of Grant may sell/transfer such Shares freely over the Stock Exchanges.

22 Corporate Actions

- 22.1. In case of a Corporate Action announced by the Company prior to the Exercise period pertaining to the relevant PSUs/Options, the Board/NRC, in accordance with Applicable Laws, shall ensure that adjustment to Exercise Price and the number of PSUs/Options granted shall be appropriately made without prejudice to the interest of the Participant. The decision of the Board on whether such action is necessary and the extent of such action by the Board shall be final and binding on the Participants.
- 22.2. In case of a Corporate Action announced by the Company prior to the Exercise Period pertaining to the relevant PSUs/Options, where the face value of the Shares is reduced below ₹2 (e.g., share-split, etc.) the maximum number of PSUs/Options available for being granted under the Scheme as mentioned in Clause 8.1 shall stand modified accordingly, so as to ensure that the cumulative paid-up value (No. of shares * Face value per share) remains unchanged.

23 Accounting and Valuation:

The Company shall follow Ind AS 102 'Employee Share-based Payments' as prescribed by Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules as amended from time to time, the Guidance Note on Accounting for Employee Share based Payments, as applicable, and/or any relevant Accounting Standards/Guidance Note as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

The Company will determine the fair value of the Options using the suitable option pricing model when the same are issued to its employees. The fair value will be recognized as employee costs over the vesting period, with a corresponding increase in equity.



24 Withholding Tax or any other Sums

- 24.1. All PSUs/Options granted under this Scheme shall be subject to all applicable taxes, withholding tax and/ or any levy and/or any contribution and/or any sums due (by whatever name it is called) arising due to participation in the Scheme (in or outside India), if any, and the Company may withhold such taxes and/or levy and/or contribution and/or payment in full.
- 24.2. Notwithstanding anything contained in the Scheme, if the Grant of the PSU/Option and/or the Vesting of PSU /Option and/or the Exercise of the PSU/Options and/or allotment of the Shares under the Scheme and or at any time while this Scheme is in operation shall be subject to any levy and/or taxes or contribution or payment (by whatever name called), if any, that is levied on or payable by the Company/Employing entity (in or outside India), then such taxes and/or levy and/or contribution and/or payment shall be recovered in full.
- 24.3. Notwithstanding anything else contained in this Scheme, no Shares/sale proceeds therefrom, as the case may be, shall be issued/allotted/transferred/dispensed to the Participant/Nominee, on Exercise of the PSUs/Options under the Scheme, unless appropriate levies/taxes/contributions/payments as given in this Clause are recovered in full.

25 Dispute Resolution

- 25.1. In the event of any dispute or disagreement between the Company and the Eligible Employees (collectively referred to as “the Parties” and individually referred to as “Party”) arising out of or relating to this Scheme (the “Dispute”), the Parties will endeavor to resolve the Dispute in accordance with this Clause. Either Party may invoke this Clause by providing the other Party a written notice of its decision to do so, including a description of the issues subject to the Dispute. The contending Party shall at first, refer the dispute to the CHRO of the Company to discuss the Dispute. In case where the Dispute is not resolved within 30 days of its reference, the Dispute shall then be referred to the Executive Director of the Company for resolution within a further period of 30 days of such a reference to Executive Director. Parties agree that in respect of the following aspects of the Scheme no dispute can be raised, and the decision made by NRC shall be final and binding:
- a. Eligibility of Employees;
 - b. Exercise price of the PSUs/Options;
 - c. Adjustment of corporate actions announced by the Company prior to the Exercise Period pertaining to the relevant PSUs/Options;
 - d. Adjustments for number of PSUs/Options to be vested;
 - e. Any variation to the Scheme which is not detrimental to the interest of the Eligible Employees
- 25.2. If the Dispute is not settled within 30 days of its referral to Executive Director of the Company, unless the Parties otherwise agree in writing, such Dispute shall be finally settled by arbitration. The Parties shall refer the Dispute to a sole arbitrator mutually appointed by both the parties and failing such agreement, to an arbitral panel consisting of three arbitrators. Each Party shall appoint one arbitrator and such arbitrators so appointed shall appoint a third arbitrator. The arbitration shall be conducted in accordance with the rules of the Mumbai Center for International Arbitration. The decision of the arbitrator/panel shall be final and binding on the parties. The venue of Arbitration will be Mumbai. The language of Arbitration shall be English. The Parties to the Arbitration shall bear their own costs and expenses. The arbitral panel shall give reasons for their award, including interim awards, if any.

The arbitration award shall be final and binding on each Party and shall not be subject to any appeal. The award shall be enforceable at courts in Mumbai. Equitable remedies shall be available. Nothing in this clause will however limit the right of the Company to bring proceedings against any Participant in connection with the Scheme.



26 Tenure

- 26.1. This Scheme shall continue in effect till the time all the PSUs/Options granted/vested are exercised by the respective Participants. The NRC may terminate the Scheme any time before subject to Shareholders' approval.
- 26.2. Subject to the Corporate Actions announced by the Company prior to the Exercise Period pertaining to the relevant PSUs/Options, any such termination of this Scheme shall not affect PSUs/Options already granted and such PSUs/Options shall remain in full force and effect as if the Scheme had not been terminated unless mutually agreed otherwise between the Participant/Beneficiary and the Board/NRC/the Company.

27 Governing Law

- 27.1. This Scheme shall be governed by and construed in accordance with the Applicable Laws of India.
- 27.2. The PSUs/Options are subject to the Scheme. Any term of the Scheme that is contrary to the requirement of the Act, SBEB Regulations or any other Applicable Law shall not apply to the extent it is contrary.
- 27.3. In the event that any term, condition or provision of the Scheme being held to be a violation of any Applicable Law the same shall be severable from the rest of the Scheme and shall be of no force and effect and the Scheme shall remain in full force and effect as if such term, condition or provision had not originally been contained in the Scheme.
- 27.4. In order to comply with regulation of any other country or to avail any tax or other benefits, NRC or Board may at its sole discretion formulate an addendum to this Scheme for Employees employed in that country and made applicable to such Employees from the date determined by the Board/NRC.

28 Regulatory approvals

- 28.1. The implementation of the Scheme, the Grant of any PSU/Option as per terms of the Scheme and the issuance/transfer of any Shares as per the Scheme shall be subject to the procurement by the Company and the Participant/Beneficiary of all approvals and permits required by any regulatory authorities having jurisdiction over the Scheme, the PSUs/Options and the Shares issued pursuant thereto. The Participant/Beneficiary under this Scheme will, if requested by the Board/NRC, provide such assurances and representations to the Company/Board/NRC, as the Board/ NRC may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.
- 28.2. The Board shall make all the relevant disclosures in the Director's Report in relation to the Scheme as are required under the Act, SBEB Regulations and other Applicable Laws.

29 Modification of Scheme

- 29.1. The Board/NRC shall not vary the terms of the Scheme in any manner, which may be detrimental to the interests of the Grantee/Participant/Beneficiary and shall be entitled to vary any of the terms of the Scheme so as to meet any regulatory requirements or for any adjustments for Corporate Actions announced by the Company prior to the Exercise Period pertaining to the relevant PSUs/Options.
- 29.2. Subject to Clause 29.1. above, the Board/NRC may, subject to a special resolution passed at a General meeting, at any time and from time to time:
 - a) Revoke, add to, alter, amend or vary all or any of the terms and conditions of the Scheme or all or any of the rights and obligations of the Grantee/ Participant/ Beneficiary; without any reference to or consent of the Participant/Grantee/Beneficiary from time to time
 - b) Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the Grantee/Participant/Beneficiary. Each of such sets of special terms and conditions shall be restricted in its application to those Grantee/Participant/Beneficiary;



- c) Formulate separate sets of special terms and conditions in addition to those set out herein, to apply to each class or category of Grantee/Participant/Beneficiary separately and each of such sets of special terms and conditions shall be restricted in its applications to such Grantee/Participant/Beneficiary;
- d) Alter the Exercise Price for the PSUs/Options which are not exercised, whether or not they have been vested, if the Scheme is rendered unattractive due to fall in market price of the Shares in the stock market; and
- e) Vary the terms of the Schemes offered pursuant to an earlier resolution of the general body but not yet exercised by the Grantee/ Participant/ Beneficiary.

30 Miscellaneous provisions

- 30.1. No right to a Grant: Neither the adoption of the Scheme, nor any action of the Board/NRC shall be deemed to give an Employee any right to be granted a PSU/Option to acquire Shares or to any other rights hereunder except as may be evidenced by a Grant Letter, and only to the extent of and on the terms and conditions expressly set forth therein, or in the Scheme as the case may be.
- 30.2. No employment rights conferred: Nothing contained in the Scheme or in any Grant made hereunder shall (i) confer upon any Employee any right with respect to continuation of employment with the Company, or (ii) interfere in any way with the right of the Company to terminate his employment at any time.
- 30.3. Adherence to Applicable Laws: The Participant/Nominee shall comply with all Applicable Laws.
- 30.4. The Scheme shall not confer on any person any legal or equitable rights against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.
- 30.5. The Company shall bear the costs of implementing and administering the Scheme, including any costs of the Company's auditors or any independent financial adviser in relation to the preparation of any confirmation by them or provision of any other service in relation to the Scheme.
- 30.6. The Participant shall comply with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992/ Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations 2003, to the extent applicable, as well as any code of conduct or such similar policy procedure or system formulated or adopted by the Board and communicated to the Participant from time to time. Any violation of the Applicable Laws or code of conduct may result in cancellation of all Vested and Unvested PSUs/Options as well as subject the Participant to disciplinary action at the discretion of the Company.
- 30.7. The acceptance of the Grant is entirely voluntary, and the Company does not guarantee any return on PSUs/Options. The Participant shall not be entitled to any compensation or damages for any loss or potential loss which he/she may suffer by reason of being unable to Exercise any PSU/Option, in whole or in part. Further, participation in this Scheme shall not be construed as any guarantee of return or 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 PSU/Option holder alone.
- 30.8. This Scheme constitutes the entire document in relation to its subject matter and supersedes all prior agreements and understandings whether oral or written with respect to such subject matter.
- 30.9. Inability to obtain authority: The inability of the Company to obtain authority from any regulatory body having jurisdiction over the Company, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Company of any and all liability in respect of the failure to issue or sell such Shares.
- 30.10. Nothing contained in the Scheme shall be construed to prevent the Company directly or through any Trust settled by the Company, from implementing any new scheme which is deemed by the Company to be appropriate or in its best interest, whether or not such other action would have any adverse impact on the Scheme or any Grant made under the Scheme. No Participant/Grantee/Beneficiary or other person shall have any claim



against the Company or the Board or NRC as a result of such action. Nothing contained in the Scheme shall be construed to prevent the Company from taking any Corporate Action which is deemed by the Company to be appropriate or in its best interest, whether or not such action would have adverse effect on the Scheme. No Participant/Grantee/Beneficiary or any other person shall have any claim against the Company as a result of such action.

31 Confidentiality

The Participant specifically confirms and covenants to the Company that he/she is aware that the information regarding his/her PSUs/Options entitlements to the Scheme is strictly confidential and that the Participant should not reveal/share the information with any of his/her peers, colleagues, co-employees or with any employee and/or Associate Company or Subsidiary Companies or any other company of the Group. In case Participant is found in breach of this Confidentiality Undertaking, the Company has an undisputed right to forfeit the PSUs/Options granted and all Vested and Unvested PSUs/Options shall stand cancelled immediately. The decision and judgment of the Company regarding breach of this Confidentiality Undertaking shall be final and binding upon the Participant.

32 Covenants of the Grantee

The Grantee confirms that, during his/her employment with the Company/Tata Company:

- i. the Grantee shall not engage himself/herself in activities that have or will have an adverse impact on the reputation of the Company or its subsidiaries.
- ii. the Grantee shall engage exclusively in the work assigned by the Company or its subsidiaries, respectively, and shall not take up any independent or individual assignments, whether the same is part time or full time, (in an advisory capacity or otherwise) and whether directly or indirectly.
- iii. the Grantee shall not, directly or indirectly, engage in any activity or have any interest in, or perform any services for any person who is involved in activities which are or shall be (in the sole opinion of the Board) in conflict with the interests of the Company or its subsidiaries.
- iv. in consideration of the PSUs/Options granted to the Grantee, as also, opportunities, training and access to new techniques and know-how that has been made available to the Grantee, the Grantee shall also strictly abide by any and all of the terms of the employment agreed by the Grantee.
- v. the Grantee shall maintain as secret and confidential all Confidential Information and shall not use or divulge or disclose any such Confidential Information except as may be required under any obligation of law (subject to obtaining the consent of the Company) or as may be required by the Company.
- vi. the Grantee understands that the Grant of the PSUs/Options is limited only to the Shares of TML, and the Grantee shall have no recourse to the shares of any other company of the Tata group in any manner whatsoever.
- vii. The Grantee will be governed by the Company's Tata Code of Conduct ("TCOC") Policy and Social Media Policy.
- viii. the Grantee understands that "Confidential Information"* means any or all information about the Company or its subsidiaries that satisfies one or more of the following conditions:
 - a. such information which has not been made generally available to the public, save and except for information disclosed to the public with the consent of the Company or its subsidiaries; or
 - b. such information which is critical, in the Company's opinion, to the Company's current or anticipated



business or research and development activities or those of a customer or supplier or associate or channel partner of the Company or its subsidiaries and the disclosure of the same would affect their competitiveness; or

- c. such information which either has been identified as confidential by the Company or its subsidiaries (either orally or in writing) or has been maintained as confidential from outside parties and is recognized as intended for internal disclosures only; or
 - d. such information which either is of a nature that it gives a distinct edge to the Company or its subsidiaries over competition when not shared with the competitor, or is likely to give any advantage to the competitor or any other organization / person / group of persons when shared with the organization / person / group of persons; or
- ix. such information which is required to be kept confidential by any requirement of law.

***“Confidential Information”** includes all trade related information, trade secrets, confidential and privileged information, customer information, employment related information, strategies, administration, research in connection with the Company or its subsidiaries and commercial, legal, scientific, technical data that are either provided to or made available to the Grantee by the Company or its subsidiaries to facilitate his/her work or that the Grantee is able to know or has obtained access by virtue of his/her employment or position with the Company or its subsidiaries, as the case may be.

To illustrate, the following is an indicative list of Confidential Information:-

- i. computer programs, inventions, samples, designs, drawings, machines, tools, photographs, source codes, object codes, methods, concepts, formulas, algorithms, processes, technical specifications, analyses, discoveries, improvements, marketing methods, manufacturing processes, research and development information;
- ii. organizational matters, business plans, company policies, sales forecasts, employee and personnel information (including information pertaining to their terms of employment, experience, contact details, appraisals, performance, competencies, specialized skills / expertise, medical information, etc.);
- iii. non-public financial information relating to the Company or its subsidiaries including its financial results for any period;
- iv. Business Plans of the Company or its subsidiaries including its monthly reports and estimates;
- v. Current and prospective customer lists and information on customers and their employees;
- vi. Information relating to existing and potential intellectual property of the Company or its subsidiaries;
- vii. Dividend policy of the Company or its subsidiaries including the intended declaration of dividend;
- viii. Issue of shares of the Company or its subsidiaries by way of public offers, rights issues, bonus issue, employee stock options;
- ix. Major expansion plans or execution of new projects including information concerning amalgamations, mergers, acquisitions and takeovers being planned or contemplated by the Company or its subsidiaries and information concerning the purchase of major equipment or property and the disposal of any undertakings of the Company or its subsidiaries;
- x. Information relating to the Company or its subsidiaries regarding acquisition or loss of significant contracts, significant disputes with major suppliers, consumers or any Governmental or regulatory agency;
- xi. Any information that may affect the earnings/ profitability of the Company or its subsidiaries;
- xii. Any other change in policies, plans or operations of the Company or its subsidiaries.



(On the letterhead of Tata Motors Limited)

Tata Motors Limited Share-based Long Term Incentive Scheme 2021

GRANT LETTER

Date:

To

«Employee Name»

Employee ID: «Persno»

«Personal_Level»

Dear «Employee Name»

We are pleased to inform you that you have been selected by the Management of Tata Motors Limited ('Company') to participate in the Tata Motors Limited Share-based Long Term Incentive ('TML SLTI Scheme 2021' or 'the Scheme'), in line with the Scheme approved by the Board/NRC. Subject to the terms and conditions of the Scheme, Performance Share Units ("PSUs")/ Stock Options ("Options") granted to you entitles you to subscribe to one Ordinary Share of the Company upon its Vesting.

You have been granted PSUs/Options under the TML SLTI Scheme 2021. A copy of the Scheme specifying the terms and conditions applicable to the PSUs / Options being granted hereunder, is available on the intranet for your reference.

Further details of the grant are provided below:

Grant date:	<<please insert date>>
Closing date for acceptance of grants	<<please insert date>>
Number of PSUs/Options granted:	<<please insert number>>
Exercise price:	<<please insert price>>

This grant is being made to you on the following terms and conditions:

1. The Grant is made to you personally and can be accepted only by you, on or before the Closing date specified in this letter.
2. By your acceptance, you agree to be bound by the provisions of the Scheme.
3. The offer may be accepted by you by completing the Acceptance form (enclosed) and delivery of the same to the Company on or before the Closing date stated above.
4. Any failure to return the duly completed Acceptance form on or before the Closing date shall, unless, the NRC determine otherwise, be deemed to be a rejection of the offer by you and any acceptance received after the Closing date shall not be valid.
5. Your attention is also drawn to the Disclosure Statement available on the intranet and your acceptance will confirm that you have read the same.

We have provided you with two copies of this letter, Acceptance form and Nomination form. Kindly acknowledge your acceptance on one copy as specified in point 3 above and retain the second copy for your records.

Congratulations on receiving this offer, which comes to you in recognition of your continuous endeavour towards improving the business results of the Company. We are confident that you will continue to contribute to the activities of the Company with a sense of ownership and commitment. Your enthusiasm and the spirit to excel will have a positive impact on the performance and image of our Company.

Tata Motors Limited
(Authorized Signatory of the Company)



Annexure 2

Tata Motors Limited Share-based Long Term Incentive Scheme 2021

ACCEPTANCE FORM

I accept the Grant offer to participate in the Scheme. Further, I declare and accept that:

1. I have read and understood the provisions of the Scheme, disclosures given in the Disclosure Statement and Annexure to the Grant Letter explaining the terms and Conditions of vesting in its entirety. I agree to abide by the terms and conditions set out in the Scheme.
2. The Grant of PSUs and/or Options is of an occasional and extra-ordinary nature and constitutes a gratuitous and discretionary act by the Company. Consequently, no benefit derived from the PSUs/Options granted under the Scheme, or any further offer, forms or shall form a part of my normal, habitual or expected remuneration.
3. The Grant of PSUs and/or Options under the Scheme does not guarantee any entitlement to any future grant of PSUs and/or Options under any other Scheme(s) of the Company.
4. I hereby accept that no Shares/sale proceeds therefrom, as the case may be, shall be issued/distributed to me or my Beneficiary, on Exercise of the PSUs/Options under the Scheme unless appropriate levies/taxes/contributions/payments are recovered from me.
5. I will not carry on or engage directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever as per Clause 11.10 of the Scheme, whether for profit or otherwise any business which competes directly or indirectly with the whole or any part of the business of or any other business carried on by the Group or any activity related to the business carried on by the Group.
6. I confirm that the address for communication would be as per the company records, and I will intimate the company about any change in this address.

I hereby accept <no of grants> (in words) PSUs / Options granted under the TML SLTI Scheme 2021.

Date:

Signed by the Grantee:

Name:

Employee Code:

In the presence of (Name & Signature)

**Annexure 3****Tata Motors Limited Share-based Long Term Incentive Scheme 2021
NOMINATION FORM**

To
The Board/NRC
Tata Motors Limited,
Bombay House,
24, Homi Mody Street,
Fort, Mumbai- 400001

In respect of the PSUs / Options granted to me under the Scheme, I wish to nominate the following person(s) in accordance with the terms of the Scheme thereunder, to be allotted the Shares against the Vested PSUs / Options which I am entitled to in accordance with the terms and conditions of the Scheme, in the event of my death.

Sr No	Name of the beneficiary (in full)	Gender	Age	Relationship	Address	Proportionate Share (total 100%)

The above nominated beneficiaries shall supersede, revoke and replace any nomination made by me previously and shall remain in force unless suspended, revoked and replaced by subsequent nomination made by me in writing.

Date:

Participant Signature:

Name of Participant: «**Employee Name**»

Employee Code: «Persno»

In the presence of witness 1

Name & signature

In the presence of witness 2

Name & signature

**Annexure 4****Tata Motors Limited Share-based Long Term Incentive Scheme 2021
Exercise Form**

To
The Board/NRC
Tata Motors Limited,
Bombay House,
24, Homi Mody Street,
Fort, Mumbai- 400001

Please fill the form in BLOCK LETTERS only. All fields marked in * are mandatory.

1. *Personal details

Title (tick box as appropriate)	Mr		Mrs		Ms	
Participant (Employee) Full Name						
Beneficiary Full name: (to be filled in case of participant death only)						
Employee Code:						
Address for Correspondence:						
Personal Email Address:						
Mobile No.:						
Joint Holder 1 Name:						
Joint Holder 2 Name:						
Joint Holder 3 Name:						

2. * PSUs/Options Details (Strike out whichever is not applicable)

	Quantity
PSUs/Options accepted	
PSUs/Options Vested	
PSUs/Options Exercised till date	
PSUs/Options Exercised Vide this Form	

3. Aggregate Exercise Price and Perquisite tax:

Sr. No.	Description	Per PSU / Option	Amount payable for all PSUs/Options Exercised Vide this Form
1.	Exercise Price payable on the PSUs/Options Exercised		
2.	Taxes Payable on the PSUs / Options Exercised		

4. Manner of Payment of Aggregate Exercise Price:

A/c payee crossed cheque or A/c payee crossed demand draft issued in the name of "Tata Motors Limited Share based Long Term Incentive Scheme, 2021" in case the participant opts for the same.



Amount Rs (in figures)	
Amount Rs (in words)	
Details of payment	
Cheque No./ Demand Draft No./ UTR No.	
Dated	
Bank & Branch	

The payment may also be made online through RTGS/NEFT using below details -

Account Number -
Account Title - Tata Motors Limited Share-based Long Term Incentive Scheme, 2021
Customer ID -
Branch Name -
IFSC Code - :

Manner of payment of perquisite tax

The Participant / Beneficiary is also required to pay any applicable perquisite income tax towards the exercise of the options along with the exercise price payment. The tax amount payable by the Participant / Beneficiary shall be computed at 31.2% (30% base rate + 4% cess rate) on the taxable perquisite amount. The payment towards tax shall be made using any of the following methods

A/c payee crossed cheque or A/c payee crossed demand draft issued in the name of "Tata Motors – PSU/ESOP Perquisite Tax";

Amount Rs (in figures)	
Amount Rs (in words)	
Details of payment	
Cheque No./ Demand Draft No./ UTR No.	
Dated	
Bank & Branch	

Or Remittance directly from the Participant's bank to the bank account of "Tata Motors – PSU/ESOP Perquisite Tax" (wire transfer) as per below details

Account No -
Account title - Tata Motors – PSU/ ESOP Perquisite Tax
Customer ID -
Branch Name -
IFSC Code -

5. *Demat Account details

Please credit the shares allotted to my undermentioned account, which is held by me in the same order of names, as the application made to the Company. I attach herewith my account statement / copy of delivery instruction slip to enable the company to verify my account details.



Depository Participant (DP) Name	
DP ID	
Client ID	

- I accept that no shares shall be issued to me, if applicable, on exercise of the PSUs/Options unless appropriate taxes as required under the applicable tax laws and the Scheme, are discharged.
- I declare that I have not been carrying on or engaged directly or indirectly, whether through partnership or as a shareholder, joint venture partner, collaborator, consultant or agent or in any other manner whatsoever as per Clause 11.10 of the Scheme, whether for profit or otherwise any business which competes directly or indirectly with the whole or any part of the Business of or any other business carried on by the Group or any activity related to the business carried on by the Group.
- I, the Participant / Beneficiary solemnly declare that the above information is correct and complete to the best of my belief and knowledge.

Signature:

Name of the Participant / Beneficiary):

Date:

Place:
