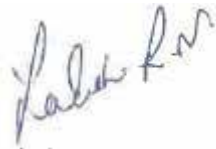


**Jana Small Finance Bank Limited Employees Stock Option Plan 2017**

**Certified True Copy  
For Jana Small Finance Bank Limited**

A handwritten signature in blue ink, appearing to read 'Lakshmi R N', is written over a faint circular stamp.

**Lakshmi R N  
Company Secretary**

## **A. Salient features of the Scheme**

This Employees Stock Option Plan 2017 (hereinafter referred to as “**ESOP 2017**” or “**Scheme**”) is pursuant to and under the authority granted in terms of approval by the shareholders at the extra ordinary general meeting of the Bank held on 30<sup>th</sup> June 2017 and in accordance with the Securities And Exchange Board of India (Share Based Employee Benefits And Sweat Equity) Regulations, 2021. Wherever applicable, the Scheme shall be in accordance with the regulations prescribed by Securities and Exchange Board of India (SEBI) and / or any other regulatory authority as applicable to the Bank and shall not contravene any other law, for the time being in force that is material for giving effect to such Scheme.

The Scheme applies to all Employees (as defined herein below). The Nomination & Remuneration Committee of Board of Directors would decide the entitlement of each Employee based on his/her level, grade, seniority and other relevant factors.

It shall be deemed to have come into force on 30<sup>th</sup> June 2017.

### **1. Definitions and Interpretations**

1.1 The terms defined in this section shall, for all purposes of this Scheme, have the meanings herein specified. Under the Scheme, where the context so admits, the masculine shall include the feminine and the singular shall include the plural.

- i. **“Applicable Law”** means every rule, regulation or law relating to Employee Stock Options, including, without limitation, the Companies Act including any enactment or re-enactment thereof, the Companies (Share Capital and Debenture Rules), 2014, as amended from time to time, and all relevant tax, securities, exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction. Furthermore, subsequent to Listing shall mean to include, the Securities and Exchange Board of India Act, 1992, SEBI SBEB and SE Regulations, the Securities and Exchange Board of India (Issue of Capital or Disclosure Requirements) Regulations, 2018, along with any other regulations and rules as may be applicable or circulars, notifications issued thereunder or by any Stock Exchange on which the Shares would be listed or quoted.

- (a) **“Award”** means a written award agreement between an Employee and the Bank, confirming the grant of the Stock Option and evidencing the terms and conditions upon which they may be exercised and sold;
- (b) **“Board”** means the board of directors of the Bank;
- (c) **“Bank”** means Jana Small Finance Bank Limited and its successor or assigns;
- (d) **“Nomination & Remuneration Committee”** or **“Committee”** means the Nomination and Remuneration Committee constituted by the Board from time to time, whose function includes to administer and supervise the ESOP 2017 and other employee benefit plan/schemes, comprising of such members of the Board as provided under section 178 of the Companies Act, 2013.;

(e) **“Employee”** means

Prior to Listing:

- (i) a permanent employee of the Bank working in India or out of India; or
- (ii) a Director of the Bank, whether a whole time Director or not but excluding an Independent Director as defined in the Securities and Exchange Board of India (Listing obligations and disclosure requirements) Regulations, 2015 ; or
- (iii) an employee, as defined in Sub-clauses (i) or (ii) above, of a

[Holding Company];

***but excludes***

- a. an employee who is a Promoter or belongs to the Promoter Group [as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018] and;
- b. a Director who either by himself or through his relatives [as defined under section 2(77) of the Companies Act 2013] or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Bank;

[Provided further that upon Listing, the term “Employee” defined here in above shall have meaning as defined in the Securities and Exchange

Board of India (Share Based Employee Benefits) Regulations, 2015, as amended]

*Post Listing:*

- (i) an Employee as designated by the Bank, who is exclusively working in India or outside India; or
  - (ii) a Director of the Bank, whether a whole time Director or not, including a non-executive Director who is not a Promoter or member of the Promoter Group, but excluding an independent Director; or
  - (iii) an Employee as defined in (i) and (ii) above of a Holding Company of the Bank, but does not include:
    - (i) an Employee who is a Promoter or belongs to the Promoter Group, as applicable;
    - (ii) Director who either by himself or through his Relatives or through any-body corporate, directly or indirectly holds more than ten percent of the outstanding equity shares of the Bank.
- (f) **“Employee Compensation”** means the total cost incurred by the Bank towards employee compensation including basic salary, dearness allowance, other allowances, bonus and commissions including the value of all perquisites provided, but does not include:
- 1. the fair value of the option granted under an employee stock option scheme; and
  - 2. the discount at which shares are issued under an employee stock purchase scheme.
- (g) **“Employee Stock Option”** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date Shares underlying such option [directly or indirectly] at a pre-determined price.
- (h) **“Exercise”** of an Option means [application] expression of an intention by an Employee to the Bank to subscribe/ purchase the Shares underlying the Option vested in him, in pursuance of the ESOP 2017, in accordance with the procedure laid down by the Bank for exercise of such Option;
- (i) **“Exercise Notice”** means the notice by which an Employee requests the Bank to allot shares pursuant to the Options vested in him under the Grant and the ESOP 2017;
- (j) **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Option vested in him in pursuance of the ESOP 2017 [in accordance with the procedure laid down by the bank at the exercise of such Options].

- (k) **“Exercise Price”** means the price approved by Committee being payable by an Employee in order to exercise the Option granted to him in pursuance of the ESOP 2017;
- (l) **“Fixed Compensation”** for the purpose of this plan is defined as total cost to Bank less target annual incentives
- (m) **“Good Leaver”** means an employee who has been considered a Good Leaver in terms of the Good leaver policy of the Bank, as amended from time to time.
- (n) **“Grant”** means the process whereby the Nomination & Remuneration Committee passes a resolution granting a specified number of Options to the Employees under ESOP 2017;
- (o) **“Grant Date”**, with respect to any Options means the date on which the Nomination & Remuneration Committee approves the Grant of such Options pursuant to the ESOP 2017;
- (p) **“Holding Company”** has the same meaning under the Companies Act, 2013, whether incorporated in India or outside India;
- (q) **“Listing”** means listing of the Bank’s Share on any recognized Stock Exchange in India which includes initial public offer of Shares as per Applicable Laws.
- (r) **“Option”** means the option given to an employee that gives him a right to purchase or subscribe at a future date, the shares offered by the Bank, directly or indirectly, at a pre-determined price. This is a right but not an obligation granted to an Employee under the Scheme to apply for and be allotted Shares of the Bank at the Exercise Price, during or within the Exercise Period, subject to the requirements of Vesting. Each Option granted would represent the right to apply for 1 (one) equity share of the Bank.
- (s) **“Grantee”** means an Employee who has been granted an Option under the Scheme and signed his acceptance thereof by way of an Award Agreement in accordance with the terms and conditions set forth in the Scheme;
- (t) **“Post - Separation Covenants”** means all obligations of an Employee which continue post separation or termination of employment of the Employee including but not limited to confidentiality, non – complete and non – solicitation
- xiii. **“Promoter”** means a person:
- a) who has been named as such in a draft offer document or document or is identified by the Bank in the annual return;
  - b) who has control over the affairs of the Bank, directly or indirectly whether as a shareholder, Director or otherwise; or

- c) in accordance with whose advice, directions or instructions the Board is accustomed to act:

**Provided that** nothing in Sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

**Provided further that** upon Listing the term Promoter shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

- (u) **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

**Provided** where the promoter or promoter group of a Bank is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such Bank

- (v) **“Sabbatical”** means any long leave authorized by the Bank, not included in the existing leave policy of the Bank;

- (w) **“SEBI SBEB Regulations”** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, and includes all regulations and clarifications issued there under, as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder;

- (x) **“Share”** means equity shares of Jana Small Finance Bank Limited of a face value of Rs. 10 each;

- (y) **“Vesting”** means the process by which an Employee becomes entitled to receive the benefit of a Grant pursuant to the ESOP 2017;

- (z) **“Vesting Period”** means the period, from the date of grant of the Option till the date on which the Grantee becomes eligible to exercise the Options.

- (aa) **“Vesting Condition”** means any performance condition other than time condition which may be determined by the Nomination & Remuneration Committee and the options granted may be in part or in full vest depending on achievement of such performance condition.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Securities and Exchange Board of India Act, 1992 or the Securities Contract (Regulation) Act, 1956, or the Companies Act, 2013, including the Companies (Share Capital and Debenture Rules), 2014, as amended from time to time, or Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Regulations, 2009 or SEBI SBEB Regulations or any statutory modification or re-enactment thereof, as the case may be.

## 1.2 Interpretations

In this document, unless otherwise stated or intention appears:

- a. words denoting the singular shall include the plural and vice versa;
- b. The words importing a gender include every gender.
- c. heading and bold type face are only for convenience and shall not affect the interpretation hereof;
- d. references to the word “include” or “including” shall be construed without limitation; and
- e. references to any statute or statutory provision or rule or regulation shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted.

Words and expressions used and not defined here but defined in the Companies Act, Securities Contracts (Regulation) Act, 1956, SEBI SBEB Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires.

## 2. Purposes

The purposes of the Scheme are:

- (a) To enable the Bank to attract and retain the talented human resources by offering them the opportunity to acquire a continuing equity interest in the Bank which will reflect their efforts in building the growth and the profitability of the Bank.
- (b) To provide existing Employees an opportunity for investment in the Bank's Common Stock in recognition of their efforts to grow and build the Bank.

## 3. Quantum of Shares subject to the Scheme

The maximum number of Options available for Grant under the ESOP 2017 shall be 5% of the paid up capital of the Bank, the exact number of shares to be determined post capital raise in 2017 (i.e., limited to 18,67,579 options). Each Option when exercised will be converted into one Share of the Bank.

Where Shares are issued consequent upon exercise of an Option under the Scheme, the maximum number of Shares that are subject to Options referred above shall stand reduced to the extent of such Shares issued.

#### **4. Scheme Administration**

- a) The scheme shall be administered by the Nomination & Remuneration Committee constituted by the Board. The Nomination & Remuneration Committee shall have power to further amend or rectify any defects in the Scheme.

The Board shall have the power to reconstitute the Nomination & Remuneration Committee from time to time.

- b) The Nomination & Remuneration Committee shall, inter alia, determine the procedure for option allocation and the:
- (i) Total number of Options to be granted;
  - (ii) Identification of Employees entitled to participate in the Scheme;
  - (iii) The requirements of vesting and period of vesting;
  - (iv) The maximum period within which the Options shall be vested;
  - (v) The exercise price or the formula for arriving at it;
  - (vi) The period of exercise and the process of exercise;
  - (vii) The vesting schedule for options granted;
  - (viii) The lock-in period , if any;
  - (ix) The maximum number of Options to be granted per Employee and in aggregate;
  - (x) The method which the Bank shall use to value it Options;
  - (xi) The conditions under which the Options vested in Employees may lapse;
  - (xii) The specified time period within which the Employee shall exercise the Vested Options in the event of a proposed termination of employment or resignation of employees; and
  - (xiii) A statement to the effect that the Bank shall comply with applicable accounting standards.

Further, disclosure in relation to the above mentioned shall form part of the explanatory statement annexed to the notice of the resolution to be passed by the shareholders of the Bank.

- c) The Nomination & Remuneration Committee shall frame suitable policies and procedures to ensure that there is no violation of securities laws, as amended from time to time, including SEBI (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 by the Bank and its employees, as applicable.
- d) Each Grantee shall be provided a copy of this Scheme and a copy of the Award Agreement.



- e) The Bank Secretary of the Bank shall be the administrator of the Scheme (the “**Scheme Administrator**”), who shall maintain such records and data as may be required to administer the Scheme.
- f) The Scheme Administrator shall provide each Grantee financial statements of the Bank on annual basis. Grantee shall have access to these statements through intranet and Bank website.

## **5. Effective Date**

The plan shall be deemed to have come into force on the date (“Effective Date”). The plan shall be terminated on the 10<sup>th</sup> anniversary from the Effective Date and no grant shall be made under the plan after the closing date.

## **6. Grant of Options**

The Bank shall, upon recommendation of the Nomination & Remuneration Committee, may grant Options by way of Award Agreement, within such time from the date of the Grant as it may deem fit, containing terms and conditions relating to vesting and exercise of Options pursuant to the Scheme, to the eligible Employees. This shall be based on various criteria such as the qualification, experience, performance of the employees, their hierarchy level in the organization and other related factors which may be determined by the Bank, under any of the following circumstances:

- (a) At the time of joining employment of the Bank; or
- (b) At the time of regular performance reviews and depending upon the nature of review that an Employee obtains; or
- (c) At any other time that the Nomination & Remuneration Committee may deem fit.

The Award Agreement and the ESOP 2017 shall be read in conjunction, however, in case of any conflict with respect to Vesting Conditions, Vesting Period and Exercise Period between the terms of ESOP 2017 and the Award Agreement, the provisions of the ESOP 2017 shall prevail. Similarly, the letter of grant for restricted stock units 2017 and the terms of ESOP 2017 shall be read in conjunction, however, in case of any conflict with respect to the Vesting Condition, Vesting Period and Exercise Period between the terms of ESOP 2017 and the letter of grant for restricted stock units 2017, the terms of ESOP 2017 shall prevail.

## **7. Eligibility**

- a. Except as set forth in this Scheme, all Employees are eligible for stock options subject to the provisions of the Scheme. The Nomination & Remuneration Committee will determine and designate from time to time Employees of the Bank to whom stock options are to be granted and the number of Shares by such Grants. The Options shall be granted

by the Nomination & Remuneration Committee to such Employees under an Award Agreement signed by the Chairman/ Authorized Signatory of the Nomination & Remuneration Committee and the Grantee.

- b. All employees are eligible to participate in the scheme. The Nomination & Remuneration Committee in its sole discretion can change the eligibility criteria during the tenure of the program as it may deem fit.
- c. In determining the eligibility of an Employee to receive Options under the Scheme, the Nomination & Remuneration Committee shall consider the performance of an Employee as indicated by the annual performance appraisal, minimum period of service, the position and responsibilities of an Employee, the nature and value to the Bank of his services and accomplishments, his present and potential contribution to the success of the Bank, past service and geographical location and such other factors that the Committee may deem relevant. The Nomination & Remuneration Committee however is authorized to change the eligibility criteria from time to time.

## **8. Terms and Conditions of Option**

Options shall be subject to the following terms and conditions and to such other terms and conditions (not inconsistent with the Scheme) as shall from time to time be approved by the Nomination & Remuneration Committee and incorporated in the Scheme.

- a) No Employee shall have any right to demand from the Bank for Grant of Options, nor shall the Bank have any such obligation to any Employee.
- b) It is clearly understood that the Grant or Vesting of any Options to an Employee, per se, does not assure accrual of a benefit or profit.
- c) Upon completion of the Vesting Period, the Grantee shall have the right to purchase Shares equivalent to the number of Options held from the Bank. Even after the completion of the Vesting Period, the Grantee will not be entitled to any dividends, rights issue or bonus shares issued until such time as the Options are Exercised and Shares issued thereunder are allotted to the Grantee.

## **9. Award Agreement**

The grant of Options shall be confirmed by an Award Agreement (in the form prescribed by the Nomination & Remuneration Committee) which shall be executed by the Nomination & Remuneration Committee and an Employee at the time of such Grant. The Award Agreement shall expressly state or incorporate by reference, the provisions of the Scheme.

## **10. Option Accounting**

The Bank shall follow the laws/regulations applicable to accounting related to Options, including but not limited to the IND AS/Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India or any other appropriate authority, from time to time, including the disclosure requirements prescribed therein in accordance with the Applicable Laws. After Listing, the Bank will also make the necessary disclosures under the SBEB & SE Regulations at the time of Grant, including as provided in Part G of Schedule I of the SBEB & SE Regulations.

## **11. Vesting Period**

The vesting period and schedule of the Options granted under the ESOP 2017 may vary for each employee, and the details of vesting shall be provided in the Award Agreement entered into with each Employee, subject to applicable laws. However, Options granted under ESOP 2017 would vest not before 1 (one) year.

However, in the event of the death of an Employee while in employment, all the options granted to him till such date shall, whether or not such Options were exercisable on the date of the Grantee's death, forthwith vest in the legal heirs or nominees of the deceased employee on that date and can be exercisable by them within the time period stated in clause 17.3(a). Vesting period of 1 year will not be applicable in such case.

Similarly in the event of total and permanent disability while in employment, all the Options granted to an Employee as on the date of such total permanent disability shall vest, whether or not such Options were exercisable on the date of the Grantee's total and permanent disability, forthwith in him or his legal heirs, or designated nominees on that date, as prescribed under SEBI SBEB Regulations and can be exercisable by him or by his legal heirs or designated nominees, as the case maybe, within the time period specified in clause 17.3(d). Vesting period of 1 year will not be applicable in such case.

### **11A. Power to accelerate Vesting in certain cases**

- (i)* The Committee shall have the power to accelerate Vesting of all unvested Options of an Employee who is considered a Good Leaver, in connection with happening of separation of such Employee including by way of resignation, retirement, demise, expiry of contract, within the provisions of ESOP 2017, or any other event determined by the Committee, subject to minimum Vesting Period as per Applicable Laws.
- (ii)* The Options remaining unvested as on date of meeting of the Committee considering the proposal for such acceleration, may at the discretion of the Committee be deemed to vest with effect from that date or from such other date as the Committee may determine.

Provided that acceleration of Vesting in the manner aforesaid shall be approved keeping in view the life of such unvested Options from the date of Grant thereof in due compliance with statutory minimum Vesting Period of 1 (one) year as per Applicable Laws.

- (iii) In case after approval of acceleration of Vesting of unvested Options by the Committee, there occurs no event, on consideration of which Committee had approved such acceleration, such non-occurrence shall lead to automatic cancellation of such acceleration as if such proposal was never considered nor approved by the Committee. In the event of a cancellation of the acceleration in accordance with this clause, all unvested Options in respect of which the Vesting Schedule was accelerated, shall be subject to normal Vesting Schedule or in case of separation of an Employee who is considered a Good Leaver, such unvested Options would be treated in accordance with Clause 16.

## **12. Exercise of Options**

12.1 An Employee has the right to convert any number of his vested Options into Shares in full or in tranches at any time during the Exercise Period subject to the following conditions:

- a) The Option may be Exercised during the continuance of an Employees' employment with the Bank subject to the provisions of this clause 12 and clause 17.
- b) The Options may be Exercised by an Employee only by a written notice (in the form prescribed by the Nomination & Remuneration Committee) to the Scheme Administrator specifying the number of Options to be Exercised. The Option shall be deemed to be Exercised when an Employee pays to the Bank a consideration equal to the respective Exercise Price of the Option and upon the satisfaction of the tax liability set out in clause 24.
- c) Subject to Clause 17, all vested Options shall be Exercised in one or more tranches within a period specified for Exercise in the Award Agreement, failing which the Vested Options shall lapse. The Exercise Period in respect of an Option shall be subject to a maximum period of 2 (Two) years commencing from, the date of Vesting of such Option.
- d) As soon as practicable on receipt of the notice of Exercise of Options and receipt of consideration thereof, the Scheme Administrator shall make the necessary arrangement for allotment of Shares in lieu thereof.
- e) [Cashless Exercise: Under the cashless exercise, a grantee who exercises the option, the corresponding shares relating to such option exercised will be sold on a stock exchange in which the shares are listed and publicly traded at the time of such cashless exercise, and the grantee will be entitled to receive the difference between the selling price and the exercise price for the options exercised by him after deducting taxes payable on exercise/sale, if any, and other amounts, expenses and charges due from him (including that in connection with the sale of shares).

For the purpose of implementing the Cashless Exercise, the Nomination & Remuneration Committee shall be entitled to specify such procedures and/or mechanisms for exercise of the Options as may be necessary and the same shall be binding on the Grantee

For the purpose of this clause, unless otherwise stated Selling means, the actual price realized on the sale of shares through the Recognized Stock Exchanges

Notwithstanding anything contained herein or elsewhere in this plan, it is hereby clarified that the Bank is under no obligation to either buy the shares or pay any compensation to any employee under this clause as a result of the inability or unwillingness of the employee to acquire any shares, whether due to lack of funds, any restriction under law or otherwise.

- f) In case, the Employee does not Exercise the Options during the Exercise Period or such earlier date, they will lapse and no rights will accrue after that date.

#### 12.2 Consequence of failure to exercise Option

The amount payable by the Employee, if any, at the time of grant of Option, -

- (a) may be forfeited by the Bank if the Option is not exercised by the Employee within the Exercise Period; or
- (b) may be refunded to the Employee if the Options are not vested due to non-fulfilment of conditions relating to vesting of Option as per ESOP 2017.

#### Lapse of Options

The Option not exercised within the respective Exercise Periods as prescribed shall lapse and be deemed to cancelled on expiry of such Exercise Period. The Grantee shall have no right or recourse over such lapsed/ cancelled Option. The lapsed options then is added back to the overall pool and may be utilised as grant to any employees

### **13. Non Resident Employees**

Grant of Options, if any, under the Scheme to Employees who are non-residents shall be in compliance with the provisions of the prevailing laws of the jurisdiction of such Employees subject to the same being in accordance with the provisions of the Foreign Exchange Management Act, 1999, SEBI SBEB Regulations and any other statutory provisions applicable under relevant Indian laws.

### **14. Lock-in period sale of shares exercised under the Scheme**

The Shares allotted upon exercise of Options granted under the Scheme are not subject to any lock in period and upon listing with the stock exchanges, they are freely tradable in the stock market.

Provided however that subsequent to Listing, the Shares allotted on such Exercise cannot be sold for such period from the date of allotment in terms of Code of Conduct for Prevention of Insider Trading of the Bank, if any, read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended, the Securities and Exchange

Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended or such other period as may be stipulated from time to time in terms of such Code.

#### **15. Variation of the terms of ESOP 2017 & Re Pricing**

The Bank shall not vary the terms of the ESOP 2017 in any manner, which may be detrimental to the interests of the employees.

The Bank may by special resolution in a general meeting vary the terms of ESOP 2017 offered pursuant to an earlier resolution of a general body but not yet exercised by an Employee provided such variation is not prejudicial to the interests of the option holders.

The provisions of regulation 7 read with Schedule I (Part D) of the SEBI SBEB Regulations shall apply to such variation of terms as they do to the original Grant of Options.

The notice for passing special resolution for variation of terms of ESOP 2017 shall disclose full details of the variation, the rationale thereof, and the details of the Employees who are beneficiary of such variation.

The Bank may re-price Options which are not Exercised, whether or not they have been vested, if ESOP 2017 were rendered unattractive due to a fall in the price of Shares in the market; provided that the Bank determines that such repricing shall not be detrimental to the interest of the Employees and the approval of shareholders in a general meeting has been obtained for such re-pricing.

#### **16. Resignation or Termination of Employment or Retirement or death**

1	<p><i>Resignation / Termination (other than due to misconduct or breach of Bank Policies/Terms of Employment) / Expiry of Contract</i></p>	<p><i>Prior to Listing: All the Vested Options as on date of resignation / termination/ Expiry of Contract shall be exercisable by the Option Grantee within 3 (Three) months from the last working day in the Bank.</i></p> <p><i>After Listing: All Vested Options can be exercised by the last working day in the Bank.</i></p> <p><i>Accelerated Vested Options: Subject to compliance with Post – Separation Covenants and/or any other event or conditions determined by the Committee, the Good leaver shall be entitled for the Unvested Options which have vested in the Employee by way of acceleration in accordance with Clause 11A, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</i></p>	<p><i>All the Unvested Options as on date of resignation/ termination/ Expiry of Contract shall stand cancelled with effect from date of such resignation/ termination.</i></p>
2	<p><i>Termination due to misconduct or due to breach of Bank Policies/Terms of Employment</i></p>	<p><i>All the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination.</i></p>	<p><i>All the Unvested Options on the date of such termination shall stand cancelled with effect from the termination date.</i></p>

3	<p><i>Retirement / early Retirement approved by the Bank</i></p>	<p><i>Prior to Listing: All the Vested Options as on date of Retirement shall be exercisable by the Option Grantee within 3 (Three) months from the last working day in the Bank.</i></p> <p><i>After Listing: All Vested Options can be exercised by the last working day in the Bank.</i></p> <p><i>Accelerated Vested Options: Subject to compliance with Post – Separation Covenants and/or any other event or conditions determined by the Committee, the Good leaver shall be entitled for the Unvested Options which have vested in the Employee by way of acceleration in accordance with Clause 11A, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</i></p>	<p><i>All the Unvested Options shall stand cancelled as on the date of such Retirement.</i></p>
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4	<i>Demise</i>	<p><i>Prior to Listing: All the Vested Options may be exercised by the Option Grantee's nominee or legal heirs in the manner stated in Clause 11. Minimum vesting period of 1 year shall not be applicable In such case</i></p> <p><i>After Listing : All Vested Options can be exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than 12 (twelve) months from the date of demise of the Option Grantee.</i></p> <p><i>Accelerated Vested Options: Subject to compliance with any other event or conditions determined by the Committee, the legal heirs of the demised Good leaver shall be entitled for the Unvested Options which have vested in the Good Leaver by way of acceleration in accordance with Clause 11A, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</i></p>	<p><i>All the Unvested Options as on the date of demise shall vest immediately and may be exercised by the Option Grantee's nominee or legal heir in the manner prescribed for the Vested Options.</i></p>
5	<i>Termination due to Permanent Disability</i>	<p><i>Prior to Listing: All the Vested Options may be exercised by the Option Grantee in the manner</i></p>	<p><i>All the Unvested Options as on the date of</i></p>

		<p><i>stated in clause 11. Minimum vesting period shall not be applicable in such case.</i></p> <p><i>After Listing: All Vested Options can be exercised immediately after, but in no event later than 12 (twelve) months from the date of incurring such incapacity.</i></p> <p><i>Accelerated Vested Options: Subject to compliance with Post – Separation Covenants and/or any other event or conditions determined by the Committee, the Good leaver shall be entitled for the Unvested Options which have vested in the Employee by way of acceleration in accordance with Clause 11A, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</i></p>	<p><i>Permanent Disability shall vest immediately and can be exercised in the manner prescribed for the Vested Options.</i></p>
6	<i>Abandonment</i>	<p><i>All the Vested Options shall stand cancelled with effect from the date of abandonment as determined by the Committee.</i></p>	<p><i>All the Unvested Options shall stand cancelled with effect from the date of abandonment as determined by the Committee.</i></p>
7	<i>Termination due to any other reason apart from those</i>	<p><i>The Committee shall decide whether the Vested Options as on the date of termination can be exercised by the Option Grantee or</i></p>	<p><i>All Unvested Options on the date of such termination shall stand cancelled with</i></p>

	<i>mentioned above</i>	<i>not, and such decision shall be final.</i>	<i>effect from that date.</i>
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**17. Vesting and Exercise of Options in case of Employees on sabbatical**

The period of leave shall not be included in determining the Vesting Period in the event an Employee is on a Sabbatical. In all other conditions, including earned leave, maternity leave and sick leave, the period of leave shall be included to calculate the Vesting Period.

A Grantee on leave other than a Sabbatical can Exercise his/her Option as per the terms of the Award Agreement.

**18. Non-Transferability**

Each Option granted under the Scheme shall by its terms be non-transferable by the Grantee (except by will or the laws of descent and distribution), and each Option shall be exercisable during the Grantee’s lifetime only by the Grantee.

The Option granted to the Employee shall not be pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

**Changes in Capital**

(a) The existence of the Scheme and any Award Agreement hereunder shall not affect, in any way, the right or power of the Board or the shareholders of the Bank to make or authorize any adjustment, recapitalization, reorganization or other change in the Bank’s capital structure or its business, or any merger or consolidation of the Bank or its Subsidiary, as applicable, any issue of debt, preferred or prior preference stock ahead of or affecting stock, the authorization or issuance of additional Shares, the dissolution or liquidation of the Bank or its Subsidiaries, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.

(b) (i) Upon changes in the outstanding Shares by reason of a stock dividend, stock split, reverse stock split, sub-division, recapitalization, reclassification, merger, consolidation (whether or not the Bank is a surviving corporation), combination or exchange of Shares, separation, or reorganization, or in the event of an extraordinary dividend, “spin-off”, liquidation, other substantial distribution of assets of the Bank or acquisition of property or stock or other change in the capital of the Bank, or the issuance by the Bank of Shares

without receipt of full consideration thereof, or rights or securities exercisable, convertible or exchangeable for Shares of such capital stock, or any similar change affecting the Bank's capital structure, the aggregate number, class and kind of Shares available under the Scheme as to which Options may be granted and the number, class and kind of Shares under each outstanding Option and the Exercise Price per Share applicable to any such Option shall be appropriately adjusted by the Board along with such approvals as may be necessary to preserve the benefits or potential benefits intended to be made available under the Scheme or with respect to any outstanding Options or otherwise necessary to reflect any such change, in a manner that the Board and / or the Nomination & Remuneration Committee deems fit.

(ii) Fractional Shares resulting from any adjustment in Options pursuant to section 20(b)(i) shall be aggregated until, and eliminated at, the time of Exercise of the affected Options. Notice of any adjustment shall be given by the Nomination & Remuneration Committee to each participant whose Options have been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all the purposes of the Scheme.

## **19. Change in Control**

In the event of

- (i) a stock sale, merger, consolidation, combination, reorganization or other transaction resulting in less than 50% of the combined voting power of the surviving or resulting entity being owned by the shareholders of the Bank immediately prior to such transaction and resulting in cessation of control of the existing shareholders of the Bank; and
- (ii) the liquidation or dissolution of the Bank or the sale or other disposition of all or substantially all of the assets or business of the Bank (other than, in the case of either clause (i) or (ii) above, in connection with any Employee benefit Scheme of the Bank or a Subsidiary),

the Board may take such steps, as it deems fit in its discretion, and on such terms and conditions as it deems appropriate. No Grantee shall have any right to prevent the consummation of any of the foregoing acts affecting the number of Shares available to such Grantee. Notwithstanding the foregoing adjustments, in no event may any Option be exercised after ten years from the date it was originally granted.

## **20. Corporate Action**

Notwithstanding anything contained under this Scheme, the Nomination & Remuneration Committee shall, inter alia, formulate the detailed terms and conditions of the ESOP 2017 including the procedure for making a fair and reasonable adjustment to the number of Options 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 following shall be taken into consideration by the Nomination & Remuneration Committee:

- (i) the number and the price of the Options shall be adjusted in a manner such that total value of the Options remains the same after the corporate action;
- (ii) for this purpose global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered;
- (iii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Grantee.

## **21. Rights as a Shareholder**

The Grantee shall have no rights as a shareholder of the Bank with respect to the Shares subject to an Award Agreement until such time as the Exercise Price relating to such Option has been paid and the Shares have been issued and delivered to him or her.

## **22. No Right of Employment**

The Grant of Options under this Scheme does not create a right to continued employment with the Bank or its Subsidiaries. Nothing in this Scheme or Award Agreement shall interfere with or limit in any way the right of the Bank or Subsidiary to terminate the employment of the Grantee at any time.

## **23. Tax Liability**

- (a) In the event of any tax liability, including any tax liability arising on account of change in the tax laws relating to the ESOP 2017, arising on account of the Grant of Options and /or allotment of the Shares to an Employee, the liability shall be that of the Employee alone and the Bank shall be indemnified to the extent of applicable taxes, if any, levied at any point of time upon the Bank in this regards.
- (b) No Shares shall be issued to the Grantee or beneficiary, on Exercise of the Options under this Scheme unless appropriate taxes as required under the applicable tax laws, are discharged. Such taxes may either be deducted from the Grantee's salary and / or can be separately discharged by the Grantee by giving a cheque / demand draft/online payment to the Bank for the said amount.
- (c) The Bank shall have the right to deduct from the salary, for any obligation towards tax deduction arising in connection with the Option or the Shares acquired upon the Exercise thereof.
- (d) The Bank shall have no obligation to deliver Shares or to release Shares in pursuance of the Option until the Bank's tax deducting obligations, if any, have been satisfied by the Grantee.
- (e) All tax liabilities arising on disposal of the Shares after Exercise would be handled by the Employee.

## **24. Confidentiality**

The Optionee shall ensure complete confidentiality in respect of all documents and information in relation to the Scheme. Any violation may result in cancellation of the offer without prejudice to the other actions, which may have been taken in this regard.

## **25. Interpretation and Amendments**

The Nomination & Remuneration Committee may make such rules and regulations and establish such procedures for the administration of the Scheme, as it deems appropriate. In the event of a disagreement as to the interpretation of this Scheme or of any rule, regulation or procedure or as to any question, right or obligation arising from or related to the Scheme, the decision of the Nomination & Remuneration Committee shall be final.

The Nomination & Remuneration Committee may amend or terminate the Scheme from time to time in such respects as the Nomination & Remuneration Committee may deem advisable except that without approval of the holders of a majority of the outstanding equity shareholders no such revision or amendment shall change the number of Shares subject to the Scheme except in case of corporate actions which inter alia includes bonus issue, right issue, consolidation of Shares into Shares of larger denomination, split of Shares into Shares of smaller denomination etc., change the designation of the class of Employees eligible to receive Options, or add any material benefit to Grantees under the Scheme. Any amendment shall not affect the benefits already secured for the existing beneficiaries under this Scheme. Any amendment proposed under this provision shall be in compliance with all applicable laws.

## **26. Notices**

All notices under the Scheme shall be in writing, and if to the Bank, shall be delivered to the Scheme Administrator of the Bank or mailed to its principal office addressed to the attention of the Bank Secretary and if to the Employee shall be delivered personally or mailed to the Employee at the address appearing in the payroll records of the Bank. Such address may be changed at any time by a written notice to the other party.

## **27. Termination of the Scheme**

The Scheme shall terminate upon the earliest to occur of the following:

- a) The effective date of a resolution adopted by the Nomination & Remuneration Committee terminating the Scheme;
- b) The date all Shares subject to the Scheme are delivered pursuant to the Scheme's provisions; or
- c) 10 years from the, date the Scheme is approved by the Bank's shareholders.

No Options may be granted under the Scheme after the earliest to occur of the events or dates described in the foregoing paragraphs (a) through (c) of this Section but Options granted heretofore shall continue in force beyond that date pursuant to these terms.

No such termination of the Scheme shall affect the previously accrued rights of any Grantee hereunder and all Options previously granted hereunder shall continue in force and in operation after the termination of the Scheme, except as they may be otherwise terminated in accordance with the terms of the Scheme or the Award Agreement.

## **28. Other Terms**

Options granted pursuant to the Scheme shall contain such other terms, provisions and conditions (which need not be identical) not inconsistent herewith as shall be determined by the Nomination & Remuneration Committee.

Notwithstanding anything to the contrary contained herein or in any Award Agreement, the Bank shall not be required to issue Shares if the issuance violates any provision of any law or regulation of any government authority or SEBI or a stock exchange.

Participation in this Scheme shall not be construed as a guarantee of return on the Shares purchased from the Options. The risks associated with investment in Shares are that of the Grantee alone.

## **29. Governing Law**

The Scheme and all the agreements thereunder shall be governed by and construed in accordance with the applicable laws in India.

## **30. No Restriction On Corporate Actions:**

- (a) The existence of the Scheme and any Grant made hereunder shall not in any way affect the right or the power of the Board or the shareholders of the Bank to make or authorise any change in capital structure, including any issue of shares, debt or other securities having any priority or preference with respect to the shares of the Bank 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 and/ or Grant made thereunder.
- (b) Nothing contained in the Scheme shall be construed to prevent the Bank from implementing any other new scheme, in accordance with Applicable Laws, for Granting Options (by way of employee stock options or restricted stock units) and/or share purchase rights, which is deemed by the Bank to be appropriate or in its best interest, whether or not such action would have any adverse impact on the on the Scheme and/ or Grant made thereunder.





## Restricted Stock Units - 2017

The terms and conditions in relation to the Restricted Stock Units – 2017 (“**RSU 2017**”) shall be read together with, and considered to be an integral part of, the Jana - Employee Stock Option Plan 2017. All terms and conditions set out in the Jana - Employee Stock Option Plan 2017 shall *mutatis mutandis* apply to the RSU 2017, and any RSU grants under RSU 2017 shall be made in accordance with, and their vesting and exercise be subject to, the terms and conditions of the Jana - Employee Stock Option Plan 2017. In the event of any inconsistency between the terms set out hereinbelow and the provisions of the Jana - Employee Stock Option Plan 2017, the provisions of the Jana - Employee Stock Option Plan 2017 shall prevail.

All grants made under the RSU 2017 shall be made from the ESOP pool set out in the Jana - Employee Stock Option Plan 2017.

<b>Conditions</b>	<b>Descriptions</b>
<b>Exercise price per Option</b>	INR. 10 /-
<b>Vesting period</b>	1 year from the grant date. Provided in case of death and incapacity of the employee the vesting period shall be as per the SEBI SBEB and SE Regulations
<b>Exercise period</b>	The Exercise period shall be subject to a maximum period of 2 ( <b>Two</b> ) years commencing from, the date of Vesting of such Option.
<b>Vesting Schedule</b>	100%
<b>Vesting condition(s)</b>	Your continued employment/ service with the Company on relevant date of vesting
<b>Terms and Conditions</b>	All the terms and conditions specified in ESOP 2017 will apply for RSU grants, vesting and exercise

### *Important terms and conditions*

- Hereinafter, employee to whom the grant letter is issued shall be as termed Option Grantee.
- Entitlement to any benefits under the Jana - Employee Stock Option Plan 2017 is subject to the compliance of terms and conditions stipulated therein read with terms specified in the grant letter and on acceptance of grant, such terms and conditions shall be deemed as if an agreement between the Company and the Option Grantee.
- Options can be exercised within the defined exercise period only as per provisions of the Jana - Employee Stock Option Plan 2017 and shall lapse after expiry of the exercise period.
- An Option Grantee cannot pledge, hypothecate, transfer or alienate the Options granted to him in any manner whatsoever, except in case of death in which case the Options can be legally transmitted to his/her nominee or legal heir.

- No person other than the Option Grantee to whom Option is granted shall be entitled to exercise the Options except in the event of the death of the Option Grantee, in which case his/her nominee or legal heir can exercise.
- The Option Grantee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Options granted till Shares underlying such Options are issued by the Company on exercise of such Option.
- The Company shall have the right to deduct from the Option Grantee's salary or in the alternate shall have the right to recover, any of the tax obligations arising in connection with the exercise of Options or the shares allotted upon the exercise thereof.
- The Company shall have no obligation to deliver shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee in full.
- The Option Grantee specifically confirms to the Company by signing the Acceptance Form, that he is aware that the information regarding his/her Option entitlements in this Grant, is strictly confidential and that he shall not reveal/ share any related information or details with any person (including his/her peers, colleagues, or with any employee, ex-employee) and/ or associate of the Company or that of its affiliates. In case the Option Grantee is found to be in breach of this confidentiality provision, the Company shall have the undisputed right to deal with Options under reference including cancellation of unexercised Options. The decision and judgment of the Company regarding breach of this provision shall be final, binding and cannot be questioned.
- The Option Grantee agrees that the Company may be required to disclose information relating to the Option Grantee during the process of implementation or administration of ESOP scheme or while availing services relating to Options consulting, advisory services or Option Management services and/ or any other such incidental services. The Option Grantee hereby accords his/ her consent that such confidential information regarding his/her Option entitlements or any other requisite personal information may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.

## **Employee Stock Option Plan 2018**

**JANA SMALL FINANCE BANK LIMITED**



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**Certified True Copy  
For Jana Small Finance Bank Limited**



**Lakshmi R N  
Company Secretary**

## **1. Name, Objectives and Term of the ESOP Plan**

1.1 This Employee Stock Option Plan shall be called the 'Jana - Employee Stock Option Plan 2018' (**“ESOP 2018”/ “Plan”**).

1.2 The underlying philosophy of ESOP 2018 is to enable the Employees, present and future, to get a share in the value that they help to create for the organization over a certain period of time. The Bank strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. The objectives of ESOP 2018 are, among others, to attract and retain critical senior talents with Employee Stock Options as a compensation tool. Through ESOP 2018, the Bank intends to offer an opportunity of sharing the value created with those Employees who have contributed to or are expected contribute to the growth and development of the Bank.

1.3 ESOP 2018 was established with effect from 04<sup>th</sup> April 2018 on which the shareholders of the Bank have approved it by way of a special resolution and shall continue to be in force until (i) its termination by the Bank as per provisions of Applicable Laws, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOP 2018 have been issued and exercised, whichever is earlier.

1.4 The Nomination and Remuneration Committee as authorized may subject to compliance with requirements of the Applicable Laws, at any time alter, amend, suspend or terminate the ESOP 2018.

## **2. Definitions and Interpretations**

In the ESOP 2018, unless the context clearly indicates a contrary intention, the following words or expressions shall have the meaning assigned herein:

### **2.1 Definitions**

- i. **“Applicable Law”** means every rule, regulation or law relating to Employee Stock Options, including, without limitation, the Companies Act including any enactment or re-enactment thereof, the Companies (Share Capital and Debenture Rules), 2014, as amended from time to time, and all relevant tax,

securities, exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction. Furthermore, subsequent to Listing shall mean to include, the Securities and Exchange Board of India Act, 1992, SEBI SBEB and SE Regulations, the Securities and Exchange Board of India (Issue of Capital or Disclosure Requirements) Regulations, 2018, along with any other regulations and rules as may be applicable or circulars, notifications issued thereunder or by any Stock Exchange on which the Shares would be listed or quoted.

- ii. **"Bank"** means Jana Small Finance Bank Limited, a company incorporated under the provisions of the Companies act, 1956 having CIN: U65923KA2006PLC040028 and registered with Reserve Bank of India as a Small Finance Bank having licence no. MUM 134 having its registered office at 29, Union Street, Off Infantry Road, Bangalore - 560001, Karnataka.
- iii. **"Bank Policies/Terms of Employment"** means the Bank's policies for Employees and the terms of employment as contained in the employment letter and the Bank handbook, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-poaching of other employees and customers.
- iv. **"Board"** means the Board of Directors of the Bank.
- v. **"Committee"** means the Nomination and Remuneration Committee constituted by the Board from time to time, to administer and supervise the ESOP 2018 and other employee benefit plan/schemes, comprising of such members of the Board as provided under Section 178 of the Companies Act.
- vii. **"Companies Act"** means the Companies Act, 2013 and rules made thereunder and includes any statutory modifications or re-enactments thereof.
- viii. **"Director"** means a member of the Board of the Bank.
- ix. **"Eligibility Criteria"** means the criteria as may be determined from time to time by the Committee of the Board for granting the Employee Stock Options to the Employees.
- x. **"Employee"** means

Prior to Listing:

- (i) a permanent employee of the Bank working in India or out of India; or
- (ii) a Director of the Bank, whether a whole time Director or not but excluding an Independent Director as defined in the Securities and Exchange Board of India (Listing obligations and disclosure requirements) Regulations, 2015 ; or
- (iii) an employee, as defined in Sub-clauses (i) or (ii) above, of a  
[Holding Company];

***but excludes***

- a. an employee who is a Promoter or belongs to the Promoter Group [as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018] and;
- b. a Director who either by himself or through his relatives [as defined under section 2(77) of the Companies Act 2013] or through anybody corporate, directly or indirectly holds more than 10% of the issued and subscribed Shares of the Bank;  
[Provided further that upon Listing, the term “Employee” defined here in above shall have meaning as defined in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2015, as amended]

*Post Listing:*

- (i) an Employee as designated by the Bank, who is exclusively working in India or outside India; or
- (ii) a Director of the Bank, whether a whole time Director or not, including a non-executive Director who is not a Promoter or member of the Promoter Group, but excluding an independent Director; or
- (iii) an Employee as defined in (i) and (ii) above of a Holding Company of the Company,

but does not include:

- (i) an Employee who is a Promoter or belongs to the Promoter Group, as applicable;
- (ii) Director who either by himself or through his Relatives or through any-body corporate, directly or indirectly holds more than ten percent of the outstanding equity shares of the Bank.

- xi. **“Employee Stock Option”** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date Shares underlying such option [directly or indirectly] at a pre-determined price.
- xii. **“Employment Letter”** means a letter appointing a person as an employee of the Bank and giving out the terms and conditions of such employment.
- xiii. **“ESOP 2018”** means the Jana - Employee Stock Option Plan 2018 under which the Bank is authorized to grant Options to the Employees.
- xiv. **“Exercise”** of an Option means [application] expression of an intention by an Employee to the Bank to subscribe/ purchase the Shares underlying the Option vested in him, in pursuance of the ESOP 2018, in accordance with the procedure laid down by the Bank for exercise of such Option.
- xv. **“Exercise Period”** means such time period after Vesting within which the Employee should exercise the Option vested in him in pursuance of the ESOP 2018 [in accordance with the procedure laid down by the bank at the exercise of such Options].
- xvi. **“Exercise Price”** means the price approved by Committee being payable by an Employee in order to exercise the Option granted to him in pursuance of the ESOP 2018.
- xvii. **“Fair Market Value”** means the fair market value of a Share of the Bank as determined by a registered valuer or an independent valuer, as required by Applicable Laws for the time being in force and appointed by the Committee from time to time.  
  
[Provided that upon Listing, the term ‘Fair Market Value’ shall refer to the term “Market Price” as defined in the SEBI SBEB and SE Regulations]
- xviii. **“Grant”** means issue of Option to the Employees under the ESOP 2018.
- xix. **“Holding Company”** means any present or future holding Company of the Bank, as per the provisions of the Companies Act
- xx. **“Independent Director”** means a Director within the meaning of Section 149(6) of the Companies Act and /or Securities and Exchange Board of India



(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

- xxi. **“Listing”** means listing of the Bank’s Share on any recognized Stock Exchange in India which includes initial public offer of Shares as per Applicable Laws.
- xxii. **“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 Committee after giving the Employee and opportunity of being heard:
- a) committing of any act warranting summary termination under law; or
  - b) conduct which in the reasonable opinion of the Committee amounts to a serious breach by an Option Grantee of the obligation and confidence to his employer; or
  - c) a finding by the Committee that an Employee has committed any material or consistent breach of any of the terms or conditions of Employee service agreement including any wilful neglect of or refusal to carry out any of his duties or to comply with any instruction given to him by the Committee; or
  - d) being convicted of any criminal offence; or
  - e) being disqualified from holding office in the Bank 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 Committee in the individual’s continued employment; or
  - f) having acted or attempted to act in any way which in the opinion of the Committee has brought or could bring the Bank or any other Group member into disrepute or discredit;
  - g) breach or violation of any Bank policies/ terms of employment;
  - h) any other case not included above but defined as misconduct in the Bank’s rules or Employee handbook and / or employment agreement

and/or appointment letter or any case that is construed as misconduct by the committee

- xxiii. **“Option”** means an employee stock Option within the meaning of the ESOP 2018.
- xxiv. **“Option Grantee”** means an Employee who has been granted an Option in pursuance of the ESOP 2018 and having a right but not an obligation to Exercise the Options and shall deem to include nominee/ legal heir of such Option Grantee in case of death of Option Grantee to the extent provisions of the ESOP 2018 is applicable.
- xxv. **“Permanent Incapacity”** means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Bank.
- xxvi. **“Plan”** means and refers to ESOP 2018 within the meaning of this plan.
- xxvii. **“Promoter”** means a person:
- a) who has been named as such in a draft offer document or document or is identified by the Bank in the annual return;
  - b) who has control over the affairs of the Bank, directly or indirectly whether as a shareholder, Director or otherwise; or
  - c) in accordance with whose advice, directions or instructions the Board is accustomed to act:

**Provided that** nothing in Sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

**Provided further that** upon Listing the term Promoter shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

- xxviii. **“Promoter Group”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018:

**Provided** where the promoter or promoter group of a company is a body corporate, the promoters of that body corporate shall also be deemed to be promoters of such company

- xxviii. “**Retirement**” means retirement as per the rules of the Bank.
- xxix. “**SEBI SBEB and SE Regulations**” means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended, and includes all regulations and clarifications issued there under..
- xxx. “**Sabbatical**” means any long leave authorized by the Bank, not included in the existing leave policy of the Bank.
- xxxi. “**Shares**” means equity shares of the Bank having face value of Rs.10 each and arising out of the exercise of Option granted under the ESOP 2018.
- xxxii. “**Stock Exchange**” means the National Stock Exchange of India Limited (NSE), BSE Limited (BSE), or any other recognized Stock Exchange in India on which the Bank’s Shares are listed or to be listed in future.
- xxxiii. “**Unvested Option**” means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.
- xxxiv. “**Vesting**” means earning by the Option Grantee, of the right to exercise the Option granted to him in pursuance of the ESOP 2018.
- xxxv. “**Vesting Condition**” means the condition prescribed if any subject to satisfaction of which the Option granted would vest in an Option Grantee.
- xxxvi. “**Vesting Period**” means the period during which the Vesting of the Option granted to the Employee, in pursuance of the ESOP 2018 takes place, which shall be a minimum period of 1 year.
- xxxvii. “**Vested Option**” means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option subject to fulfilment of exercise conditions.
- xxxviii. “**Good Leaver**” means an employee who has been considered a Good Leaver in terms of the Good leaver policy of the Bank, as amended from time to time.

xxxix. “Post - Separation Covenants” means all obligations of an Employee which continue post separation or termination of employment of the Employee including but not limited to confidentiality, non – complete and non – solicitation.

## **2.2 Interpretation**

In the ESOP 2018, unless the contrary intention appears:

- a) the clause headings are for ease of reference only and shall not be relevant to interpretation;
- b) a reference to a clause number is a reference to its sub-clauses;
- c) words in singular number include the plural and vice versa;
- d) words importing a gender include any other gender;
- e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference; and.
- f) any reference to a statute or statutory provision shall be construed as a reference to such statute or statutory provisions as from time to time amended, consolidated, modified, extended, re-enacted or replaced;

Words and expressions used and not defined here but defined in the Companies Act, Securities Contracts (Regulation) Act, 1956, SEBI SBEB and SE Regulations, Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislation, as the context requires

## **3. Authority and Ceiling**

- 3.1 The shareholders of the Bank by way of special resolution dated 04<sup>th</sup> April 2018 of general meeting have authorised the Committee to grant not exceeding 2023697 Options to the Employees, in one or more tranches, from time to time under the ESOP 2018, being exercisable into not exceeding 2023697 Shares of a face value of Rs.10/-

each fully paid-up, with each such Option conferring a right upon the Employee to be issued one Share of the Bank, in accordance with the terms and conditions of such Grant.

3.2 The maximum number of Options that may be granted per Employee and in aggregate shall vary depending upon the designation and the appraisal / assessment process, however, shall be lesser than 1% (One Percentage) of the issued capital (excluding outstanding warrants and conversions) of the Bank per eligible employee at the time Grant. Subject to this ceiling, the Committee reserves the right to decide the number of Option to be granted and the maximum number of Option that can be granted to each Employee.

3.3 Prior approval of shareholders by way of special resolution in the general meeting shall be obtained in case the Grant of Options to any identified Employee during any one financial year is equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant of Option.

3.4 If an Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grants, subject to compliance with the provisions of the Applicable Laws.

3.5 Where Shares are allotted consequent upon exercise of an Option under the ESOP 2018, the maximum number of Shares that can be allotted under ESOP 2018 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of such Shares allotted.

3.6 In case of a Share split or consolidation, if the revised face value of the Share is less or more than the current face value as prevailing on the date of coming into force of the ESOP 2018, the maximum number of Shares available for being granted under ESOP 2018 as specified above shall stand modified accordingly, so as to ensure that the cumulative face value (No. of Shares X Face value per Share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation. Thus, for example, if the prevailing face value of each Share is Rs.10 per Share and the revised face value after the Share split is Rs.5 per Share, the total number of Shares available under ESOP 2018 would be (Shares reserved at Sub-Clause 3.1 x 2) Shares of Rs.5 each.

#### **4. Administration**

4.1 The ESOP 2018 shall be administered by the Committee. All questions of interpretation of any issues arising out of ESOP 2018 or in respect of any Option granted thereunder, shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in the ESOP 2018.

4.2 The Committee shall in accordance with the ESOP 2018 and Applicable Laws determine *inter alia* the following in terms of Schedule I (Part B) of the SEBI SBEB and SE Regulations:

- a) The procedure for option allocation and the specific quantum of Options to be granted under the ESOP 2018 per Employee, subject to the ceiling as specified in Para 3.1 and in aggregate under this Scheme;
- b) the kind of benefits to be granted under this scheme covered by Part D and Part E of Chapter III of the SEBI SBEB and SE Regulations;
- c) eligibility to avail benefits under this schemes covered by Part D and/or Part E of Chapter III of the SEBI SBEB and SE Regulations in case of employees who are on long leave;
- d) the procedure for funding the exercise of Options;
- e) the Eligibility Criteria for grant of Option to the Employees;
  - i. Vesting schedule of Options granted and
  - ii. Vesting conditions of Options granted
- f) the Exercise Period within which the Employee should exercise the Option and that Option would lapse on failure to exercise the Option within the Exercise Period;
- g) the specified time period within which the Employee shall exercise the Vested Option in the event of termination or resignation of an Employee;

- h) the right of an Employee to exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
- i) the procedure for making a fair and reasonable adjustment to the number of Option 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 following shall be taken into consideration by the Committee:
  - i. the number and the price of Option shall be adjusted in a manner such that total value of the Option remains the same after the corporate action.
  - ii. the Vesting Period and the life of the Option shall be left unaltered as far as possible to protect the rights of the Option holders.
- j) the procedure and terms for the Grant, Vesting and Exercise of Option in case of Employees who are on long leave;
- k) the conditions under which Option vested in Employees may lapse in case of misconduct, whether resulting in termination of employment or not , or commission of act on part of Option Grantee resulting in adverse impact on the Bank;
- l) the procedure for cashless exercise of Option, if required; and
- m) approve forms, writings and/or agreements for use in pursuance of the ESOP 2018, mode of payments of Exercise Price (Cheque, demand draft, deduction from salary, online transfer or any other mode as decided)
- n) the procedure for buy-back of specified securities issued under the SEBI SBEB and SE Regulations, if to be undertaken at any time by the Bank, and the applicable terms and conditions, including: (i) permissible sources of financing for buy-back; (ii) any minimum financial thresholds to be maintained by the Bank as per its last financial statements; and (iii) limits upon quantum of specified securities that the Bank may buy-back in a financial year.

The Committee shall 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 Bank and the Employees, as applicable (“**Laws**”). In connection with Listing or anytime thereafter, the Committee shall also frame suitable policies and systems to ensure that there is no violation of the Laws, as applicable.

## **5. Eligibility and Applicability**

5.1 Only Employees within the meaning of the ESOP 2018 are eligible for being granted Option. The specific Employees to whom Option would be granted and their Eligibility Criteria would be determined by the Committee. The Grants to be made to the Directors shall be determined by the Committee and, where appropriate, would be sent to the Reserve Bank of India for its approval.

5.2 The ESOP 2018 shall be applicable to the Bank, and any successor Bank thereof.

5.3. The Option granted to an Employee shall be subject to the terms and conditions set forth in the ESOP 2018 and additional requirements set forth, if any, in the letter of Grant. The letter of Grant and the ESOP 2018 shall be read in conjunction, however, in case of any conflict with respect to Exercise Period, Vesting Period and Vesting Conditions between the terms of ESOP 2018 and the letter of Grant for ESOP, the provisions of the ESOP 2018 shall prevail. Similarly, the letter of grant for restricted stock units 2018 and the terms of ESOP 2018 shall be read in conjunction, however, in case of any conflict with respect to the Exercise Period, Vesting Period and Vesting Condition between the terms of ESOP 2018 and the letter of grant for restricted stock units 2018, the terms of ESOP 2018 shall prevail.

## **6. Grant and Acceptance of Grant**

### **6.1 Grant of Options**

- a) Grants contemplated under the ESOP 2018 shall be made on such day and month as decided by the Committee at its discretion.



- b) Each Grant of Option under the ESOP 2018 shall be made in writing by the Bank to the eligible Employees in such form as may be approved under ESOP 2018 from time to time.

## 6.2 Acceptance of the Grant

- a) Any Employee who wishes to accept the grant made under this ESOP 2018 must deliver to the Bank a duly signed acceptance of the letter of Grant on or before the date which shall not be more than 60 days from the date of the Grant, as specified in the letter of Grant (“Closing Date”). On receipt by the Bank of the signed acceptance, the Employee will become an Option Grantee.
- b) Any Employee who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date stated above shall be deemed to have accepted the Grant unless the Committee determines otherwise.
- c) Upon acceptance of the Grant in the manner described above, the Employee henceforth as an Option Grantee shall be bound by the terms, conditions and restrictions of the ESOP 2018 and the letter of Grant. The Option Grantee's acceptance of the Grant of Options under the ESOP 2018, within the time period provided, shall constitute an agreement between the Option Grantee and the Bank, to the terms of this ESOP 2018 and the Grant document.

## 7. Vesting Schedule/ Conditions

- 7.1 Options granted under ESOP 2018 would vest not before **1 (one) year** and not later than **4 (four) years** from the date of Grant of such Option. Provided that in the event of death or incapacitation of the employee, the Options shall vest as per the SEBI SEBE and SE Regulations. Subject to Applicable Law the Committee may at its discretion change the Vesting schedule provided that such change is not detrimental in the interest of the Employees.

**Provided that** in case where Options are granted by the Bank under the ESOP 2018 in lieu of Options held by a person under a similar plan in another company

(Transferor Company) which has merged or amalgamated with the Bank, the period during which the Options granted by the Transferor Company were held by him shall be adjusted against the minimum Vesting Period required under this Sub-clause.

7.2 Except as set forth in Clause 7.6 and 8.2 below, Vesting of Options would be subject to continued employment with the Bank, and thus the Options would vest essentially on passage of time. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest.

7.3 . Except as set forth in Clause 7.6 below, as a prerequisite for a valid vesting, an Option Grantee is required to be in employment or service of the Bank on the date of Vesting and must neither be serving his/her notice for termination of employment/ service, nor be subject to any disciplinary proceedings pending against him on the such date of Vesting.

7.4 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of Grant of Options.

7.5 **Vesting of Options in case of Employees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the Employee is on a Sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee.

7.6 **Power to accelerate Vesting in certain cases**

(i) The Committee shall have the power to accelerate Vesting of all Unvested Options of an Employee who is considered a Good Leaver, in connection with happening of separation by way of resignation, retirement, demise, expiry of contract within the provisions of ESOP 2018, or any other event determined by the Committee, subject to minimum Vesting Period as per Applicable Law.

- (ii) The Options remaining unvested as on date of meeting of the Committee considering the proposal for such acceleration, may at the discretion of the Committee be deemed to vest with effect from that date or from such other date as the Committee may determine.

**Provided that** acceleration of Vesting in the manner aforesaid shall be approved keeping in view the life of such Unvested Options from the date of Grant thereof in due compliance with statutory minimum Vesting Period of 1 year as per Applicable Laws.

- (iii) In case after approval of acceleration of Vesting of Unvested Options by the Committee, there occurs no event, on consideration of which Committee had approved such acceleration, such non-occurrence shall lead to automatic cancellation of such acceleration as if such proposal was never considered nor approved by the Committee as a result of which such Unvested Options shall be subject to normal Vesting Schedule or in case of separation of Employee, such Unvested Options would be treated in accordance with Clause 8.2(b).

## **8. Exercise**

### **8.1 Exercise Price**

- (a) The Exercise Price per Option shall be such as may be determined by the Committee which shall be not less than the face value of the Shares and not more than the Fair Market Value of the Shares of the Bank. The specific Exercise Price shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.
- (b) Payment of the Exercise Price shall be made by a crossed cheque or a demand draft drawn in favour of the Bank, or in such other manner and subject to such procedures as the Committee may decide from time to time.

### **8.2 Exercise Period**

- (a) **While in employment/ service**

The Exercise Period in respect of an Option shall be subject to a maximum period of 2 (**Two**) years commencing from, the date of Vesting of such Option. The specific Exercise Period shall be intimated to the Option Grantee in the Grant Letter at the time of Grant.

(b) **Exercise Period in case of separation from employment/ service:**

Vested Options can be exercised subject to treatment of Unvested Options and Clause 9, as per provisions outlined herein below:

S. No.	Separations	Vested Options	Unvested Options
1.	Resignation/termination (other than due to misconduct or breach of Bank Policies/Terms of Employment)/Expiry of Contract	<p>Prior to Listing: All the Vested Options as on date of resignation/ termination/ Expiry of Contract shall be exercisable by the Option Grantee within 3 (Three) months from the last working day in the Bank.</p> <p>After Listing: All Vested Options can be exercised by the last working day in the Bank.</p> <p>Accelerated Vested Options: Subject to compliance with Post – Separation Covenants and/or any other event or conditions determined by the Committee, the Good leaver shall be entitled for the Unvested Options which have vested in the Employee by way of acceleration, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</p>	All the Unvested Options as on date of resignation/ termination/ Expiry of Contract shall stand cancelled with effect from date of such resignation/termination
2.	Termination due to misconduct or due to	All the Vested Options which were not	All the Unvested Options on the date of

S. No.	Separations	Vested Options	Unvested Options
	breach of Bank Policies/ Terms of Employment	exercised at the time of such termination shall stand cancelled with effect from the date of such termination	such termination shall stand cancelled with effect from the termination date.
3.	Retirement/ early retirement approved by Bank	<p>Prior to Listing: All the Vested Options as on date of Retirement shall be exercisable by the Option Grantee within 3 (Three) months from the last working day in the Bank.</p> <p>After Listing: All Vested Options can be exercised by the last working day in the Bank.</p> <p>Accelerated Vested Options: Subject to compliance with Post – Separation Covenants and/or any other event or conditions determined by the Committee, the Good leaver shall be entitled for the Unvested Options which have vested in the Employee by way of acceleration, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</p>	All the Unvested shall stand cancelled as on the date of such Retirement.
4.	Demise	<p>Prior to Listing: All the Vested Options may be exercised by the Option Grantee's nominee or legal heirs. Minimum vesting period of 1 year shall not be applicable In such case</p> <p>After Listing : All</p>	All the Unvested Options as on the date of demise shall vest immediately and may be exercised by the Option Grantee's nominee or legal heir in the manner prescribed for the Vested Options.

S. No.	Separations	Vested Options	Unvested Options
		<p>Vested Options can be exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than 12 (twelve) months from the date of demise of the Option Grantee.</p> <p>Accelerated Vested Options: Subject to compliance with any other event or conditions determined by the Committee, the legal heirs of the demised Good leaver shall be entitled for the Unvested Options which have vested in the Good Leaver by way of acceleration, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.</p>	
5.	Termination due to Permanent Disability	<p>Prior to Listing: All the Vested Options may be exercised by the Option Grantee. Minimum vesting period shall not be applicable in such case.</p> <p>After Listing: All Vested Options can be exercised immediately after, but in no event later than 12 (twelve) months from the date of incurring such incapacity.</p> <p>Accelerated Vested Options: Subject to compliance with Post – Separation</p>	All the Options the date Unvested as on of Permanent Disability shall vest immediately and can be exercised in the manner prescribed for the Vested Options

S. No.	Separations	Vested Options	Unvested Options
		Covenants and/or any other event or conditions determined by the Committee, the Good leaver shall be entitled for the Unvested Options which have vested in the Employee by way of acceleration, within a period of 6 (six) months, starting from the date on which such Options would have originally vested in the Employee.	
6.	Abandonment	All the Vested Options shall stand cancelled with effect from the date of abandonment as determined by the Committee	All the Unvested Options shall stand cancelled with effect from the date of abandonment as determined by the Committee.
7.	Termination due to any other reason apart from those mentioned above	The Committee shall decide whether the Vested Options as on the date of termination can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of such termination shall stand cancelled with effect from that date.

### 8.3 Procedure of Exercise:

The Option shall be deemed to have been exercised when an Option Grantee makes an application in writing to the Bank or by any other means as decided by the Committee, for the issuance of Shares against the Option vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of exercise.

8.4 After the Listing, the exercisability of all Vested Options, including the Exercise Period, shall be governed as per provisions of the Sub-clause 8.2 above, as applicable.

8.5 The Option not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Option.

8.6 **Lapse of Options**

The Option not exercised within the respective Exercise Periods prescribed in Subclause 8.2 shall lapse and be deemed to cancelled on expiry of such Exercise Period. The Option Grantee shall have no right or recourse over such lapsed/ cancelled Option. The lapsed options then is added back to the overall pool and may be utilised as grant to any employees

8.7 Consequence of failure to exercise Option

The amount payable by the Employee, if any, at the time of grant of Option, -

(a) may be forfeited by the Bank if the Option is not exercised by the Employee within the Exercise Period; or



(b) may be refunded to the Employee if the Options are not vested due to non-fulfilment of conditions relating to vesting of Option as per ESOP 2018.

## **9. Special provision for Exercise in case of Listing**

9.1 Notwithstanding anything contained elsewhere in the ESOP 2018, in case the Bank proposes Listing, all the Vested Options held by an Option Grantee (including nominee or legal heir of a deceased Option Grantee) who ceases to be in employment/ service of the Bank, by that date, can be exercised only during the period notified by the Committee in this behalf.

9.2 For effecting this, the Bank shall, after the Board has adopted a resolution approving the Listing and prior to filing of the red herring prospectus with the Securities and Exchange Board of India, issue a notice to all such Option Grantees holding Vested Options at their registered address available in the records of the Bank informing them of this special provision for Exercise of Vested Options. In case of failure to exercise within the notified period, such Options shall immediately lapse and such Option Grantee shall have no recourse over such lapsed Options.

9.3 Accordingly, for the period between the date of issue of notice intimating the period as aforesaid and the completion of such Listing (i.e. initial public offer), in case any Option Grantee ceases to be in employment/ service of the Bank, as the case may be (including by reason of death or retirement), such Options shall immediately lapse and such Option Grantee shall have no recourse over such lapsed Options.

Upon completion of the initial public offering (“**IPO**”) of the Bank and listing of Shares pursuant to such IPO, the Bank shall not make any fresh grant under the ESOP Plan 2018 unless (i) the ESOP Plan is in conformity with the SEBI Regulations; and (ii) the ESOP Plan 2018 has been ratified by the shareholders of the Bank subsequent to the IPO.

## **10. Lock-in**

10.1 The Shares transferred upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such transfer except as required under the Applicable Laws including that under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, or code

of conduct framed, if any, by the Bank after Listing under the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015.

Provided however that subsequent to Listing, the Shares allotted on such Exercise cannot be sold for such period from the date of allotment in terms of Code of Conduct for Prevention of Insider Trading of the Bank, if any, read with Securities Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended or such other period as may be stipulated from time to time in terms of such Code.

## **11. Restriction on transfer of Option**

11.1 The Options shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

11.2 Options shall not be transferable to any person except in the event of death of the Option Grantee, in which case provisions at Sub-clause 8.2(b) would apply.

11.3 No person other than the Employee to whom the Option is granted shall be entitled to exercise the Option except in the event of the death of the Option Grantee holder, in which case provisions at Sub-clause 8.2(b) would apply.

## **12. Listing**

Upon Listing, his the Option Grantee or nominee/ legal heirs, where applicable, can sell Shares in the open market at any time in accordance with Applicable Laws and policies of the Bank, subject to any lock in period as per Applicable Laws.

## **13. Other Terms and Conditions**

### **13.1 Listing of Shares**

In case of Listing, the Committee is authorized to do such acts, deeds and things including but not limited to amendment of this Plan to make the Plan compliant of any Applicable Laws prevailing at that time.

The Employee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a Shareholder in respect of Options granted, till Shares underlying such Options are allotted on Exercise of such Options.

13.2 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Bank (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant until the Option Grantee exercises the Option and becomes a registered holder of the Shares of the Bank.

13.3 If the Bank issues bonus or rights Shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Option or the Exercise Price or both would be made in accordance with Sub-clause 4.2(f) of ESOP 2018. Only if the Options are vested and exercised and the Option Grantee is a valid holder of the Shares of the Bank, the Option Grantee would be entitled for bonus or rights Shares as shareholder of the Bank.

13.4 Option are not transferrable unless in case of Death or Permanent Disability of an Option Grantee in which case, Clause 8.2 (b) will be referred to for the purpose of exercise. No person other than the Employee to whom the Option is granted shall be entitled to exercise the Option except in the event of the death of the Option Grantee.

#### **14. Deduction of Tax**

14.1 The liability of paying taxes, if any, in respect of Options granted pursuant to the ESOP 2018 and the Shares issued pursuant to exercise thereof shall be entirely on Option Grantee and shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees working abroad, if any.

14.2 The Bank shall have the right to deduct from the Option Grantee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non-continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

14.3 The Bank shall have no obligation to deliver Shares until the Bank's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

## **15. Authority to vary terms**

For the purpose of efficient implementation and administration of the ESOP 2018, the Committee may, if it deems necessary, vary the terms of ESOP 2018, including pursuant to meeting any regulatory requirements, subject to the Applicable Laws and the conditions of the shareholders' approval, by way of a special resolution, in such manner which is not detrimental to the interest of employee.

## **16. Malus/ Clawback**

16.1 Subject to compliance of the Applicable Laws, the Bank reserves the right of executing malus/ clawback arrangements with respect to options granted.

16.2 A malus arrangement permits the Bank to prevent Vesting of all or part of the options granted to an options Grantee. However, the malus arrangement shall not reverse the Vestings of already Vested options

16.3 A clawback, on the other hand, is a contractual agreement between the options Grantee and the Bank, being evidenced on the acceptance of the Grant, in which case the options Grantee shall relinquish any benefit that accrued to or return any benefit that is received by such options Grantee to the Bank under circumstances specified at the time of Grant of options.

## **17. Miscellaneous**

### **17.1 Government Regulations**

This ESOP 2018 shall be subject to all Applicable Laws, and approvals from governmental authorities. The Grant and the allotment of Shares under this ESOP 2018 shall also be subject to the Bank requiring Employees to comply with all Applicable Laws.

### **17.2 Inability to obtain authority**

The inability of the Bank to obtain authority from any regulatory body having jurisdiction over the Bank, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Bank of any and all liability in respect of the failure to issue or sell such Shares.

17.3 Unless otherwise intended, the Grant of an Option does not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Bank give such person any right or entitlement to have an Option granted to him in respect of any number of Shares or any expectation that an Option might be granted to him whether subject to any condition or at all.

17.4 Neither the existence of the ESOP 2018 nor the fact that an individual has on any occasion been granted an Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in the ESOP 2018 by being granted an Option on any other occasion.

17.5 The rights granted to an Option Grantee upon the grant of an Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Bank for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

17.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Option in whole or in part.

17.7 Participation in ESOP 2018 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Employee alone.

## **18. Accounting and Disclosures**

18.1 The Bank shall follow the laws/regulations applicable to accounting related to Options, including but not limited to the IND AS/Guidance Note on Accounting for

Employee Share-based Payments (Guidance Note) and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure requirements prescribed therein, in compliance with relevant provisions of the Companies Act.

18.2 Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements for ESOP 2018 then the Bank shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other appropriate authority from time to time.

18.3 The Bank shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Bank and salient features of the ESOP 2019 in a format as prescribed under SEBI SBEB and SE Regulations

## **19. Governing Laws**

19.1 The terms and conditions of the ESOP 2018 shall be governed by and construed in accordance with the Applicable Laws including the Foreign Exchange Laws mentioned below.

### **19.2 Foreign Exchange Laws**

In case any Options are granted to any Employee being resident outside India working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Bank has to comply with such requirements as prescribed from time to time in connection with Grant, Vest, Exercise of Options and allotment of Shares thereof.

### **19.3 Income Tax Rules**

The provisions of the Income Tax Act, 1961 and Rules made thereunder as amended and enacted from time to time shall be applicable in respect of taxability of Employees and the Bank arising out of any transaction in the Options.

## **20. Notices**

- 20.1 All notices of communication required to be given by the Bank to an Option Grantee by virtue of this ESOP 2018 shall be in writing. The communications shall be made by the Bank in any one or more of the following ways:
- (i) Sending communication(s) to the address of the Option Grantee available in the records of the Bank; or
  - (ii) Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or
  - (iii) Emailing the communication(s) to the Option Grantee at the official email address provided, if any, during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.
- 20.2 Any communication to be given by an Option Grantee to the Bank in respect of ESOP 2018 shall be sent at the address mentioned below or e - mailed at:
- Email ID; payroll.communication@janabank.com  
Human Resources Team  
Jana Small Bank Limited,  
Registered Office: The Fairway Business Park, First Floor, # 10/1, 11/2 & 12/2B Off  
Domlur, Koramangala Inner Ring road, Next to EGL Business Park, Challaghatta,  
Bengaluru – 560071

## **21. Jurisdiction**

- 21.1 The Courts in Bangalore, Karnataka, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2018.
- 21.2 Nothing in this Clause shall however limit the right of the Bank to bring proceedings against any Employee in connection with this ESOP 2018:
- (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

## **22. Severability**

- 22.1 In the event any one or more of the provisions contained in the ESOP 2018 shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of the ESOP 2018 in which case the ESOP 2018 shall be construed as if such invalid, illegal, or

unenforceable provisions had never been set forth herein, and the ESOP 2018 shall be carried out as nearly as possible according to its original intent and terms.

### **23. Confidentiality**

23.1 An Option Grantee must keep the details of the ESOP 2018 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Bank or that of its affiliates. In case Option Grantee is found in breach of this Clause, the Bank shall have undisputed right to terminate any agreement/Grant and all unexercised Option shall stand cancelled immediately. The decision and judgment of the Committee regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Committee shall have the authority to deal with such cases as it may deem fit.

23.2 On acceptance of the Grant of Option offered by the Bank, it shall be deemed that as if the Option Grantee has authorized the Bank to disclose information relating to the Option Grantee during the process of implementation of the ESOP 2018 or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need to know basis.

### **24 Changes in Capital**

(a) The existence of the Scheme and any Award Agreement hereunder shall not affect, in any way, the right or power of the Board or the shareholders of the Bank to make or authorize any adjustment, recapitalization, reorganization or other change in the Bank's capital structure or its business, or any merger or consolidation of the Bank or its Subsidiary, any issue of debt, preferred or prior preference stock ahead of or affecting stock, the authorization or issuance of additional Shares, the dissolution or liquidation of the Bank or its Subsidiaries, any sale or transfer of all or part of its assets or business or any other corporate act or proceeding.



(b) (i) Upon changes in the outstanding Shares by reason of a stock dividend, stock split, reverse stock split, sub-division, recapitalization, reclassification, merger, consolidation (whether or not the Company is a surviving corporation), combination or exchange of Shares, separation, or reorganization, or in the event of an extraordinary dividend, “spin-off”, liquidation, other substantial distribution of assets of the Company or acquisition of property or stock or other change in the capital of the Company, or the issuance by the Company of Shares without receipt of full consideration thereof, or rights or securities exercisable, convertible or exchangeable for Shares of such capital stock, or any similar change affecting the Company’s capital structure, the aggregate number, class and kind of Shares available under the Scheme as to which Options may be granted and the number, class and kind of Shares under each outstanding Option and the Exercise Price per Share applicable to any such Option shall be appropriately adjusted by the Board along with such approvals as may be necessary to preserve the benefits or potential benefits intended to be made available under the Scheme or with respect to any outstanding Options or otherwise necessary to reflect any such change, in a manner that the Board and / or the Nomination & Remuneration Committee deems fit.

(ii) Fractional Shares resulting from any adjustment in Options pursuant to section 20(b)(i) shall be aggregated until, and eliminated at, the time of Exercise of the affected Options. Notice of any adjustment shall be given by the Nomination & Remuneration Committee to each participant whose Options have been adjusted and such adjustment (whether or not such notice is given) shall be effective and binding for all the purposes of the Scheme.

## **25. Change in Control**

In the event of

(i) a stock sale, merger, consolidation, combination, reorganization or other transaction resulting in less than 50% of the combined voting power of the surviving or resulting entity being owned by the shareholders of the Bank immediately prior to such transaction and resulting in cessation of control of the existing shareholders of the Bank; and

(ii) the liquidation or dissolution of the Bank or the sale or other disposition of all or substantially all of the assets or business of the Bank (other than, in the case of either clause (i) or (ii) above, in connection with any Employee benefit Scheme of the Bank or a Subsidiary), the Board may take such steps, as it deems fit in its discretion, and on such terms and conditions as it deems appropriate. No Grantee shall have any right to prevent the consummation of any

of the foregoing acts affecting the number of Shares available to such Grantee. Notwithstanding the foregoing adjustments, in no event may any Option be exercised after ten years from the date it was originally granted.

-----END OF DOCUMENT-----

## Restricted Stock Units - 2018

The terms and conditions in relation to the Restricted Stock Units – 2018 (“**RSU 2018**”) shall be read together with, and considered to be an integral part of, the Jana - Employee Stock Option Plan 2018. All terms and conditions set out in the Jana - Employee Stock Option Plan 2018 shall *mutatis mutandis* apply to the RSU 2018, and any RSU grants under RSU 2018 shall be made in accordance with, and their vesting and exercise be subject to, the terms and conditions of the Jana - Employee Stock Option Plan 2018. In the event of any inconsistency between the terms set out herein below and the provisions of the Jana - Employee Stock Option Plan 2018, the provisions of the Jana - Employee Stock Option Plan 2018 shall prevail.

All grants made under the RSU 2018 shall be made from the ESOP pool set out in the Jana - Employee Stock Option Plan 2018.

<b>Conditions</b>	<b>Descriptions</b>
<b>Exercise price per Option</b>	INR. 10 /-
<b>Vesting period</b>	1 year from the grant date. Provided in case of death and incapacity of the employee the vesting period shall be as per the SEBI SBEB and SE Regulations
<b>Vesting Schedule</b>	100%
<b>Exercise period</b>	The Exercise period shall be subject to a maximum period of 2 ( <b>Two</b> ) years commencing from, the date of Vesting of such Option
<b>Vesting condition(s)</b>	Your continued employment/ service with the Company on relevant date of vesting,
<b>Terms and Conditions</b>	All the terms and conditions specified in ESOP 2018 will apply for RSU grants, vesting and exercise

### ***Important terms and conditions***

- Hereinafter, employee to whom the grant letter is issued shall be as termed Option Grantee.
- Entitlement to any benefits under the Jana - Employee Stock Option Plan 2018 is subject to the compliance of terms and conditions stipulated therein read with terms specified in the grant letter and on acceptance of grant, such terms and conditions shall be deemed as if an agreement between the Company and the Option Grantee.

- Options can be exercised within the defined exercise period only as per provisions of the Jana - Employee Stock Option Plan 2018 and shall lapse after expiry of the exercise period.
- An Option Grantee cannot pledge, hypothecate, transfer or alienate the Options granted to him in any manner whatsoever, except in case of death in which case the Options can be legally transmitted to his/her nominee or legal heir.
- No person other than the Option Grantee to whom Option is granted shall be entitled to exercise the Options except in the event of the death of the Option Grantee, in which case his/her nominee or legal heir can exercise.
- The Option Grantee shall not have a right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of Options granted till Shares underlying such Options are issued by the Company on exercise of such Option.
- The Company shall have the right to deduct from the Option Grantee's salary or in the alternate shall have the right to recover, any of the tax obligations arising in connection with the exercise of Options or the shares allotted upon the exercise thereof.
- The Company shall have no obligation to deliver shares to the Option Grantee until such tax obligations have been satisfied by the Option Grantee in full.
- The Option Grantee specifically confirms to the Company by signing the Acceptance Form, that he is aware that the information regarding his/her Option entitlements in this Grant, is strictly confidential and that he shall not reveal/ share any related information or details with any person (including his/her peers, colleagues, or with any employee, ex-employee) and/ or associate of the Company or that of its affiliates. In case the Option Grantee is found to be in breach of this confidentiality provision, the Company shall have the undisputed right to deal with Options under reference including cancellation of unexercised Options. The decision and judgment of the Company regarding breach of this provision shall be final, binding and cannot be questioned.
- The Option Grantee agrees that the Company may be required to disclose information relating to the Option Grantee during the process of implementation or administration of ESOP scheme or while availing services relating to Options consulting, advisory services or Option Management services and/ or any other such incidental services. The Option Grantee hereby accords his/ her consent that such confidential information regarding his/her Option entitlements or any other requisite personal information may be disclosed by the Company to its officers, professional advisors, agents and consultants on a need to know basis.